

NTTG Public Stakeholder Meeting
May 23, 2007

Introduction and Standard of Conduct Reminder – Sharon Helms and Commissioner Marsha Smith

An Open Stakeholders Meeting of the Northern Tier Transmission Group (NTTG) was held at the Embassy Suites Hotel in Salt Lake City, Utah on May 23, 2007. As with all NTTG meetings, the meeting was opened by reviewing the NTTG Standards of Conduct and the NTTG Anti-Trust Policy and reminding both the participants in the room and those on the phone that these are in effect all day, including breaks. Specifically Sharon Helms noted that the meeting was open to all NTTG stakeholders, that notice of the meeting was posted 10 days prior to the meeting, and that the handouts were made available on NTTG web site.

Link to May 23rd NTTG Presentations:

http://nttg.biz/site/index.php?option=com_docman&task=cat_view&gid=49&Itemid=31

Ms. Helms also informed participants that meeting notes would be posted on the NTTG web site. A sign-up sheet was also sent around the room.

Commissioner Marsha Smith opened the meeting with comments of recent activity in the region and looked for open lively discussions. She then turned the meeting over to Rich Bayless of PacifiCorp to present NTTG's Planning Straw Proposal due to be posted on May 29th.

NTTG Straw Proposal Review – Rich Bayless, PacifiCorp:

Mr. Bayless reviewed the principles, concepts and requirements of FERC Order 890 and walked through the open participation process utilized to develop NTTG's straw proposal. Mr. Bayless reviewed the key features and practices that NTTG will utilize to meet FERC's nine planning principles in Order 890.

Key Features of Straw Proposal

- Two step planning and implementation process to inform stakeholders and facilitate implementation of individual or joint projects.
 - Open NTTG planning process
 - Individual transmission provider project implementation process
- Three level integrated process produces synchronized coordinated single system plan with local, sub-regional stakeholders and neighboring systems.
 - Local - NTTG is working to coordinate the individual state IRP requirements to facilitate part of the local planning requirements each TP is faced with.
 - Sub-Regional - Informed customers can individually or jointly on aggregated basis submit OATT service requests. NTTG Planning process provides for batching requests to inform on benefits, costs and cost allocation as well as coordination across the footprint where multiple party and multiple system

requests would be individually uneconomic. Supports linkage between the NTTG Use and Planning Groups.

- Regional – utilizing WECC and TEPPC for congestion and economic studies will provide data we otherwise would not have access to. In addition, it will facilitate coordination through joint study teams and neighboring planning groups like California, WestConnect, ColumbiaGrid and others with additional forums such as NTAC.
- Other features
 - Balanced unfettered Steering Committee
 - NTTG and members will abide by confidentiality concerns for all data. Information exchange will be coordinated through WECC. Comparability ensures similarly situated customers are treated the same.
 - NTTG plans to utilize the WECC ADR with member participation.
 - NTTG will utilize neighboring and existing organizations to the extent possible in its three level planning process. This process will result in more detailed reports, but data and study performance will become compliance issues and require tighter working agreements between all parties prior to the October 11th filing date.
 - The NTTG Cost Allocation Committee will integrate its processes with the planning process. If assumptions in the planning studies and cost allocations remain the same, then the regulatory approval and ratemaking processes will have the information they require. If there are departures from the base assumptions, the cost allocation may need to cycle back through again.
- The implementation plan includes posting the straw proposal, attending the FERC technical conferences and establishing coordinated data and study cycles with other entities, including the study plan triage or development processes.

Question and Answer Period:

Question – Does all the work on page 25 of your slide presentation have to be completed by deadline?

Answer – What is required is on page 24 of the presentation but most of the items on page 25 will need to be done to accomplish the requirements on page 24.

Question for FERC personnel on the phone - Is there any feedback you can give us on our progress compared to progress you have seen from other regions?

Answer- NTTG appears to be on the same pace with Columbia GRID and CISO.

Question for FERC personnel on phone - So are we going the right direction?

Answer - With the caveat that this is a quick reaction and we recognize that this is a work in process there are a couple of things for straw proposal: on process specifics (i.e. number of meetings, oasis postings, confidentiality, data availability), it might be helpful to have additional detail available in the straw proposal. Also, ADR provisions need to be flushed out more. The Straw man

refers to the WECC ADR process but additional detail might be helpful. As far as economic studies, how much is NTTG responsible and how much is TEPPC? It is not clear how the responsibility of studies will be divided among entities. How specific is cost of studies recovered? There may need to be more specifics around the cost allocation issues.

Question – A lot of states require an RFP process, how is this process going to get factored into the overall planning? When we want to do joint planning for long-term load requirements, until the RFP process is done, we don't know where the resource it is coming from. How does this relate to transmission planning?

Answer - IRP planning committee will be in place see what can be synced up with the resource and transmission side. Through the planning process, you can obtain information about where the transmission constraints are so one of the things that we see as a benefit is that if this information is out there better, it will give everyone an idea of locational transmission costs relative to their bids in the IRP process.

Question - In the write-up there is a bullet that point to point customers may come to the transmission provider during an open period. What is this?

Answer - We will talk more this afternoon when we talk about open season and projects.

Cost Allocation Workgroup – Lou Anne Westerfield, Idaho Commission:

The cost allocation workgroup is comprised of state commission and transmission provider staff and chaired by Commissioner Steve Oxley of Wyoming Commission. Lou Anne Westerfield from the Idaho Commission addressed the Cost Allocation Work Group's white paper, noting that the work group used the CREPC white paper and RMATS work on how to deal with cost allocation on joint planning as a foundation for their work. Lou Anne stressed that this is a cost allocation plan, not a cost recovery plan. Cost recovery is not guaranteed. That will still need to follow the regulatory process of the transmission provider. She then summarized their proposal as follows:

Cost Types

- Type 1 - Provision of retail service to transmission owner's native load
- Type 2 – Provision of Wholesale Services (FERC Jurisdictional)
- Mixed Type 1 & 2 purposes
- Type 3 – Alternatives to/Deferrals of Transmission Line Costs

Cost Principles

- Principle 1 – Equity
- Principle 2 – Efficiency
- Principle 3 – Fair and Full Cost Allocation – opportunity, not a guarantee
- Principle 3A – Cost Assignment Follows Benefits
- Principle 3B – Customer Specific Allocation
- Principle 4 – Allocation for Wholesale and Merchant Project Costs

Proposed Process

Cost Allocation Committee

Appointed by NTTG members

NTTG Steering Committee has final say and dispute resolution

Cost allocation process will be open and interface with the NTTG planning process to determine cost allocation

1. Application
2. Review and Response
3. Analysis during planning process
4. Recommendation for Plan Report
5. Determination letter from Steering Committee
6. Project Updates and Additional Review – Steering Committee
7. Dispute Resolution – Steering Committee

Project sponsors are responsible for providing supporting documentation on how cost allocation should work for their projects. The responsibility of the committee is to review proposals and provide recommendations to NTTG Steering for final say and dispute resolution responsibilities.

Question and Answer Period:

Question – Does cost allocation refer to the allocation of the investment or the allocation of the cost recovery?

Answer – Could be both, but primarily allocation of the recovery of cost among transmission provider (multiple owners). Part of the process is identifying the cost types and beneficiaries and risk bearers and then to allocate costs to these various groups. A transmission customer is not envisioned that they need to be an investor. However, if the customer wants 10% of usage (without ownership) they will pay for it through the rates of the owner. The ownership structure is entirely up to those willing to put up money and make investment. The ownership is a choice, not a requirement. There would not be a direct allocation to a group of customers that had no involvement in a line. Cost allocation does not reassign ownership.

Question - Would this lead to different customers having different transmission rates?

Answer - That is not the intent. Any revenues from wholesale and merchant use of the transmission facilities are credited back against the revenue requirement of retail customers. This will not change the current state and federal rate setting process for ultimate customers.

Question – Isn't what you are really saying is that NTTG will allocate costs to the Transmission Owner/Provider and it is up to the Owner to recover these rates in its ratemaking process?

Answer - Yes, that is a fair statement.

Question - Will committee look at proposals to defer transmission projects

Answer - We can, but that is primarily under the purview of the state commissions.

Question - As project plans get modified will the cost allocation also be reviewed and perhaps modified?

Answer - Yes.

Comment- Cost allocation should be voluntary among those choosing to build the project and benefit from the project. It should not be mandatory. Mandatory allocation is a way to get others to pay for your project.

Response - Project investors and users can always propose an agreed upon allocation procedure to be used.

Comment - Cost allocation should be a negotiation process, not a technical / formulaic process. Opportunities for public input and linkage to planning study would be addressed early and often through the public process.

Question - Are you planning on expanding on type 3 costs?

Answer – We are probably not expanding on this at this point mostly because this type tends to fall within the state jurisdiction. But if we need to we will, but again most will probably be proposed at state level and be dealt with in the state IRP process.

Question – Page 13 of proposal shows that one item to be presented for application is results of phase 2 WECC reliability project. Would you expect the applicant to apply early and then add this latter in an update to the application? Would you want them to wait until they have all the required application items? It seems that it makes sense that you would want them to apply early and allow them update the application as they go through the process and more information becomes available.

Answer - As much information as you can provide upfront would be helpful, however, in the review phase it will be noted that we expect you to submit any information that generally comes later like the phase 2 results when they become available. It is conceived that this is going to be continually reviewed as the project goes through the planning process so hopefully at the end when the planning report is issued, the cost allocation plan will be through many reviews and versions as well.

Lunch Break – Reminder of SOC

Fast Track Planning – Kip Sikes, Idaho Power

Project Charter Review – posted on NTTG website

Review of Fast Track Transmission candidate project plan – available on website

Today we are here today to discuss step 9 of this project plan. This is the end of a chapter that was purposely put into place to get things moving rather than waiting until

Order 890 was released. The goal was to be where we are today so that NTTG can move forward.

Reviewed map of fast track projects – this map now reflects a few transmission segments and utility names on these projects.

Question - The resources that are showing in the Montana area of 450 MW seems light, is this the sum resource of wind up there?

Answer – No, this is not the sum total. The map is more intended to show the overall geographic location and diversity of where resources potentially lie.

PacifiCorp, Idaho Power, and NorthWestern Energy reviewed specific fast track transmission projects. Each presentation referred to the maps and diagrams that are included with posted presentations.

PacifiCorp Conceptual Projects:

Darrell Gerrard gave an overview of the PacifiCorp projects under consideration. He noted that the hub concept of bringing loads and resources together and putting transmission first could help the process. Focus is on native load requirements, improving reliability, and efficient use of corridors. PacifiCorp has been active in conducting conceptual discussions with Frontier and TransWest are hopeful that potential projects would result in a transmission build that is scaleable. The proposed projects are specifically needed:

- To meet the capacity requirements of the Wasatch Front which are projected to double over the next 20 years as well as larger growth in Oregon (approximately another 1500 MW) .
- Expiring transmission contracts in the Pacific Northwest
- Tying our control centers together
- Accommodate new wind generation in the Bridger area.

Next step is regional planning and looking for other stakeholder input

Comment: Melba to Mid C and Melba to Captain Jack interface with major Canada to California transmission project

Question - How does the PacifiCorp plan tie into the Frontier project?

Answer: The Wyoming to Utah to Idaho triangle is being considered as part of the Frontier project.

Question - Does this plan anticipate new generation at Bridger?

Answer: Yes. 750 MW

Question - What is the time frame for the projects in the Transwest area?

Answer: 2013 or 2014.

Idaho Power Conceptual Projects – Kip Sikes, Idaho Power

Kip Sikes gave the overview of the Idaho Power projects. IPC's objective is to build for native load growth first then to accommodate others. Idaho load growth is projected to be 2 to 3% annual.

Idaho Power is looking at a 500kV from Bridger to about MID C. IPC is expecting load growth in Idaho through 2017 to be about 900MW. High growth is closer to 1100MW. The risk is less to overbuild than it is to undersize and try to come back later when it is more expensive and may not be possible. The view is to build the project for the most efficient use of the corridor. The proposed line is connecting east to west. Most of the other lines proposed through the same general area as ours are north to south

Northwestern Energy Conceptual Projects – John Leland, Northwestern Energy

John Leland of NorthWestern Energy gave an overview of the situation in Montana. He indicated that Montana existing generation in the eastern part of states exceeds native load by factor of two. Montana has significant coal and wind resources with a large queue of new generation projects. As a result Montana is a net exporter of energy and Northwestern is primarily a transmission company. Mr. Leland then gave an overview of the Mountain States Transmission Intertie (MSTI).

Mountain States Transmission Intertie (MSTI)
500 kV from Montana to Idaho
Numerous potential routes
Townsend to Midpoint preferred route
Preliminary cost allocation discussed with FERC
Target in service date – 2013

Question: Will the line require phase shifters?

Answer: Yes, it will be required to control flows

General Fast Track Q&A

Question: What is the next step from the customer perspective? Can I go onto each of the company's OASIS today and reserve capacity?

Answer: Project sponsors are looking for input from interested parties, particularly transmission customers and impacted parties. There is a document on each company's OASIS website requesting potential customers to submit requests and outlining the process for submitting a request.

Clarification – there is no link between the transmission providers OASIS sites so if you put a request on one company it does not mean that you will automatically be on the other providers site or queue.

Question: How about requests that have already been submitted?

Answer: Existing queue requests have been incorporated in this process.

Question: What about point to point requests that are really for service native load?

Answer: The requester will need to let the transmission provider know which for the current requests are for native load so they are not double counted in the load and resource study.

Question: How do request that are already in the queue impact the time line of the needed studies?

Answer: The requests should be staged with the native load studies.

Question: How will those who have submitted comments get feed back on proposals that are not included on the maps?

Answer: The maps shows here reflect the consensus decisions of what projects are needed to meet native load. Requests that are not on the map are still being processed under the OATT procedures. The Fast Track process doesn't address all of the requests that are in the queue. The OATT requirements still apply to existing and new requests for transmission service.

Question: If a current queue request overlap a fast track project how do you deal with it?

Answer: Project sponsor will discuss with the requesting party as to whether the request should be incorporated into the fast track project or continue at the current OATT process.

Question: Is there coordination between the Idaho, PacifiCorp, and Northwestern studies? Can they be incorporated into one big study?

Answer: There is coordination in the current process. The same parties participate in all of the planning meetings. The three companies' plans will not be processed in isolation.

Question: Does the OATT allow the transmission provider and the requesting party to move the from the OATT time line into the Fast Track Planning Process?

Answer: Yes, that is allowed, but only with the approval of the requesting party.

ATC Update – Brian Weber, PacifiCorp

Brian Weber gave a presentation on the impacts of Order 890 on Available Transfer Capability (ATC). He followed this with an update on the work of the ATC committee.

Status of Phase 1

Complete

Map of ATC points of delivery and points of receipt

English name POR and POD map

ATC definitions documents

In Process

Standardization of ATC formats

Standardization of ATC components

Public presentation of ATC from member companies

Target completion date moved from June 1, 2007 to July 13, 2007

Stakeholder meeting tentative scheduled for June 25, 2007 in Portland

Phase 2 Proposal

Establish benchmark for ATC

Identify changes to TTC

Provide narrative for ATC remaining at zero for over six months.

Solicit input for 5 to 10 economic congestion studies.

No questions asked on this topic

Closing comments – Marsha Smith, Idaho Power Commission

Reminder that comments on the straw proposal and/or the cost allocation proposal need to be received no later than Thursday, May 25th to meet the filing deadlines.

Commissioner Smith indicated that she is happy with the progress of NTTG, concluded the meeting and thanked everyone for their participation.

Adjourned 2:06 p.m.