

1 2008 Cost Allocation Committee Workplan

1.1 Business Goals

The Northern Tier Transmission Group (NTTG) created the Cost Allocation Committee (the Committee) for the following purpose:

Committee

"To apply the Cost Allocation Principles consistently, openly and fairly while conducting analyses of cost allocations that accompany transmission project proposals developed in the NTTG planning processes and to make recommendations on cost allocations to the Steering Committee based on those analyses."

The Committee will coordinate its efforts with the Northern Tier Transmission Planning and Transmission Use Committees to develop, on a biennial basis, a comprehensive transmission plan. This plan will provide strategic transmission options (for both economic and reliability projects) and specific alternatives for reinforcing the transmission system. The plan is also intended to help coordinate the integration of new generation into the system and to reduce transmission congestion. The Cost Allocation Committee's role is to provide recommendations on proposed cost-allocations, as appropriate, and multi-state regulatory guidance that will encourage and facilitate needed transmission investment through the consistent application of cost allocation principles.

1.2 Project Scope

1.2.1 Scope Includes

The planning cycle cost allocation recommendations will occur in Q6 of the Biennial Planning Process (Q2 of 2009). In 2008, Committee activities will primarily take the form of support, data collection, and coordination with the planning effort undertaken by the Planning and Transmission Use Committees to lay the foundation for the cost allocation analyses and recommendations in 2009. Specifically, the Committee will perform the following activities for the NTTG 2008 capacity and economic planning processes:

Q1 Milestone

3/26/08 Obtain Steering Committee Approval of 2008 workplan

03.26.08 Approved

¹ See NTTG Cost Allocation Committee Charter posted on the NTTG website at: www.nttg.biz



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Q2	Milestone	
4/15/2008	Coordinate Development of Economic Study Request Inputs with the Planning and Transmission	
	Use Committees for the first annual NTTG economic study	
4/29/2008	B Develop and distribute Data Request Letter to the NTTG Fast Track Project Sponsors (including	
	opt out provision) and Economic Study Request Sponsors	
5/14/2008	Develop data tracking mechanism	
6/03/2008	Document responses to data request and initiate data collection process	
6/24/2008	Quarterly Update Report	
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Committee

Q3:

- Data collection and refinement process
- o Preliminary and iterative analysis of the allocation of costs and benefits
- 9/23/2008 Quarterly Update Report

Q4:

- o Data collection and refinement
- o Preliminary and iterative analysis of the allocation of costs and benefits
- 12/18/200 Quarterly Update Report

1.2.2 Scope Does Not Include

The NTTG Cost Allocation Committee recognizes that the Fast Track Projects were announced prior to the beginning of NTTG's First Biennial Planning Cycle. Consequently, these projects will be offered the opportunity to 'opt out' of the NTTG cost allocation analysis and recommendation process. However, if a Fast Track sponsor determines that a recommendation by the Committee is not desired or required, the data and information requested by the Committee must still be provided. (See 1.3 below.) Going forward, all projects included in the NTTG planning cycle will comply with the requirements of the cost allocation process.

1.3 Approach

The Committee will send initial data requests, based on the requirements established in the Committee's charter, to the fast track project sponsors and the economic study request sponsors. The Committee will establish a tracking database for recording responses to the data requests. The Committee will also establish a process for sending subsequent data requests to obtain missing, incomplete, and updated data for each project. Starting in Q2, the Committee will prepare a quarterly report to the Steering Committee on its progress in obtaining needed data.

2 03.26.08 Approved



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1.4 Relationship to Other NTTG Projects and/or Committees

The Committee will provide advice on data needs and assumptions for the Economic Study Requests (Q1 – Q2).

Committee

• The Committee will interact with the Transmission Use and Planning Committees in an iterative fashion as the Biennial Plan Process progresses (Q2 – Q4).

1.5 Assumptions

The Cost Allocation Committee will adhere to the principles in its charter in performing its work on the Biennial Plan.

The Committee exists to provide a service to project sponsors and/or transmission providers and will review and analyze information and proposed cost allocations that may be provided by those parties. As appropriate and feasible, given the information available, the Committee will recommend that the proposed cost allocation be approved, or that it be modified or rejected. The Committee may recommend a different allocation or it may not make any recommendation on cost allocation if the information necessary is not available. We assume that some projects may be of a nature that no assistance from the Cost Allocation is needed or desired. Others may be in a relatively early stage of development and information necessary for cost allocation review is unavailable.

1.6 Issues

1.7 Risks

Two risks could impair this work plan: 1) lack of sufficient data to advance the cost allocation analyses; and 2) lack of coordination with other NTTG Committees and Stakeholders. The work plan addresses these risks above.

2 Stakeholders

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The following is an initial list of stakeholders whose interest may be positively or negatively affected. This list is anticipated to evolve as NTTG requests to complete economic studies are finalized:

Organization	Stakeholder Name	Reason
NTTG	Transmission Use Committee	NTTG Biennial Plan
NTTG	Planning Committee	NTTG Biennial Plan
NTTG	Steering Committee	NTTG Biennial Plan
NTTG TP Members	John Cupparo, Lisa Grow, Ray Brush, Curt	Dependency on NTTG processes to
	Winterfeld	comply with Order 890 filings
Northwestern Energy	John Leland	MSTI Project
PacifiCorp	Darrell Gerrard	Gateway South, Gateway West and
		Hemingway-Captain Jack
Idaho Power	Dave Angell	Gateway West and Hemingway-
		Boardman
Great Basin, LLC	Lawrence Willick	SWIP
APS, National Grid, WIA	David Smith	Gateway South

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