Description of Meeting:	**NTTG Stakeholder Meeting**
Meeting Date:	**Wednesday November 7, 2007**
Meeting Minutes Prepared By:	**Kevin Bennie**

Stakeholder Meeting
November 7th, 2007

Portland, Oregon

1. **Overview**
   The NTTG Standard of Conduct and Anti-trust policies were read. Roll call was held for both in-person and phone participants. Phone participants were directed to the NTTG Website for meeting materials.

   The agenda and meeting purpose, to review a proposed methodology for allocating capacity and costs on proposed new transmission projects, was reviewed by Ron Schellberg and with assistance from other various participants. The PowerPoint presentation was discussed.

2. **Summary of Questions/Answers**

Q: Does everyone understand the difference between Cost Allocation and cost recovery?
A: Cost Allocation – assigning a particular transmission owner a portion of a project cost related to the benefits that that TO receives.
Cost Recovery - how you recover that cost allocation through rate recovery mechanisms

Q: When does the Cost Allocation Committee consider the queue requests?
A: The Cost Allocation Committee will give allocation estimates for projects in the plan. Presently queue issues are not addressed.

Q: So if we send a question back to NTTG, is it up to the Cost Allocation Committee to bring that up?
A: Yes, and to the planning committee as well. The more the question is raised the more it will pressure us to answer it. The more input we have the better.

Q: As I understand it, Planning would jointly decide what is required along with Cost Allocation, then the OATT process would be entered; How is the OATT process entered? Is it a composite or aggregate entity, or does each entity enter individually?
A: To enter the OATT process an eligible only needs to enter a request on a transmission owner's OASIS site at any time. Note that per Order 890, the Transmission Service and Generation Interconnection requests are separate from the economic study request process and require a separate request into the transmission provider.

C: Note that the incremental rate is potentially 5 – 10 times the current embedded rates, but requires a 40 year contract. What is the level of interest in signing up v.s. being a joint participant?

Q: So the $180 KW/year represents the life of a facility at 40 years?
A: Yes, 40-50 years. It is a valid point that if you are paying for duration, why not own it.

Q: A question to transmission customers: What is a reasonable contract term?
A: 10-15 years is a reasonable target. If we use a tiered system approach, then a shorter term than the probability of recovery is reduced and the rate should be higher. True economics should be applied. There ought to be a return for risk.

C: Minimum requirement to meet load serving obligations should be identified. A cost differential should be applied to anything over that requirement.

Q: Isn't this going to impact your rates?
A: From the load standpoint, of course it will impact rates if a facility like this is needed to serve load.

C: The harder part is that at a rate of $180 KW/year you will need long term investment for these rates to apply.

Q: Is the service agreement based on estimated cost?
A: Some disagreement within the room, some thought Service agreements were based on estimated cost, others thought it was based on actual construction costs.
Q: Do you charge an incremental rate based on the estimate or the cost?
A: No direct answer (See answer to last question).

Q: Who will sign a 20 year agreement, when you don't know and don't have any control over the incremental cost?
A: Valid question – but transmission providers are not rewarded for assuming these cost risks. We are looking for consensus between customers and providers to determine what can get agreed to.

C: NorthWestern: Reiterated the importance of the "higher of" pricing model. NorthWestern is not driven by local load growth, but rather by resources and export issues.

Q: In regards to NorthWestern; is one of your segments used in common with the other?
A: There are 3 different types of customers; those that use both of the new upgrade, those that only use only one, and those that use one or the other of the upgrades. Not every upgrade cost should be associated with every customer.

Q: If you look at the 'higher of' rate what are projections in respect to the embedded rate for 20-30 years?
A: The embedded rate is likely to go up.

Q: If you are locking customers in for 40 years at a higher fixed cost, have you considered how often you would revisit the rate?

A: FERC policy states that once a contract is signed the rate is locked in and the customer/provider are not permitted to switch rates once they flip.

Q: What is the probability that you will maintain existing load service requirements 30 years from now?
A: Fair observation. Typically, probability is low and actual requirements grow.

Q: Could you go over the upfront payment; how you plan to bring the cost down to the embedded cost?
A: An incremental rate would be based on the project cost + net present value of net O&M required to maintain that project+ net present value of the tax gross up / units of service (MW or KW) and the term of the service (how many years of the request)