



<b>Description of Meeting:</b>	<b>Cost Allocation Committee Meeting</b>
<b>Meeting Date:</b>	<b>December 14, 2010</b>
<b>Meeting Minutes Prepared By:</b>	<b>Lyndee Restad</b>
<b>Approved for Posting:</b>	<b>December 20, 2010</b>

**Attendee List:** Rich Bayless, Brian DeKiep, Bryce Freeman, Sam Liu, Matt Muldoon, Marcy Norby, Larry Nordell, Lyndee Restad, Lou Ann Westerfield, Curt Winterfeld, Joni Zenger

**Committee Members Not in Attendance:** Marshall Empey, Marc Hellman, Sharon Helms, Jim Logan, Darrell Zlomke

**1. Agenda:**

- Progress on the benefit/cost methodology and related scheduling
- Roundtable / Next Steps

**2. Decisions / Discussions:**

**Discussion: Progress on the benefit/cost methodology and related scheduling**

- Committee members agreed that it would be beneficial to create an approach that will showcase benefits that are specific and tangible; and that are related to existing processes (rather than creating new processes).
- If we were to switch over to other Cost Allocation model that access benefits in a non-voluntary basis, we need to select one that makes assumptions about reliability
  - The Southwest Power Pool model does this
- Marcy Norby had distributed a potential process to the Committee prior to the meeting. This process outlined the SPP model.
  - Marcy noted that she still has additional information to gather
  - Her concern is how can we actually implement a postage stamp rate throughout the region and make it apply? There would need to be an agreement of some sort.
  - Lou Ann Westerfield stated that the Clearing House idea could be a potential solution
  - From a financial standpoint, it would not be hard to collect money for this solution
- Curt mentioned that Commissioner Wellinghoff was not as supportive in postage stamp process as he once was
- The administrative portion of the SPP is easy to implement, but you lose out on a variety of cost and benefits.
- Comments regarding the SPP model:
  - An assessment could be charged for projects that are very high voltage
  - There could potentially be two different tariffs for recovering costs
  - Cost and usage need to be considered
  - Could this open the door for bad planning and decision making?
  - The SPP provides a fairly flushed model of cost allocation methodology that takes a postage stamp approach to high voltage facilities and zonal assignments
- Depending on which direction we go, we will have to determine the implementation details and enhancements



- FERC NOPR seemed to push towards a postage stamp rate
  - Should NTTG proceed with that or carry out our original process that was in mind when NTTG was first formed?
- The NOPR mentioned that SPP methodology addresses is the Free Rider issue. This is a positive aspect of the SPP approach.
- A poll was taken of the members present on the call to determine if they wanted to go down the SPP approach (postage stamp rate) or do they preferred to keep the current bilateral approach and build off of that
  - Members agreed that it would be beneficial to continue to detail and enhance what we currently have in place. The Committee members also noted it would be best to wait to see which direction the EDT is headed.

**Decision: The Ad Hoc Group will develop an outline that details and enhances our current process. They will also address the issue of free riders in a way that relates to our processes of allocating costs.**

**Discussion: Roundtable / Next Steps**

- The next CAC call will take place on 12/20
- The Ad Hoc group will utilize Curt's outline to define and enhance the principles towards Cost Allocation
- Members are encouraged to work with the Ad Hoc Group and provide input/suggestions

**3. Assignments:**

Item #	Assignment	Owner	Target Date	Status
1.	Provide input/suggestions to the Ad Hoc Group	Committee Members		

**Next Meeting:** The next Northern Tier Cost Allocation Committee meeting is scheduled for Monday, December 20<sup>th</sup> at 1pm Pacific.

- Voice Conference Mtg. **503-813-5600** (toll free #800-503-3360)
- Meeting ID **688444** and password **123456**