

*Summary of January 20, 2005 Conference Call of the
CREPC Regulatory Transmission Principles Work Group*

Joining the call were: Becky Wilson, Chair (UT PSC); Nancy Kelly (UT Consumer Services); Tom Schneider/Marla Larson (MT PSC); Larry Nordell (MT Consumer Council); Cindy Lewis/Steve Oxley (WY PSC); Marsha Smith/Randy Lobb (ID PUC); Carl Linvill (NV PSC); Wayne Shirley (Regulatory Assistance Project); and Doug Larson/Tom Carr (WIEB).

The group reviewed and discussed the following topics:

- Consolidating the existing state regulatory process paper and incorporating information on state criteria for cost recovery to determine what is in the public interest.
- Update on the state case studies:
 - Larry is revising a draft of the Colstrip case.
 - Becky will circulate a draft of the Sigurd line.
 - Randy reviewed the available information on Valmy project and will be checking the archives for additional information on the treatment of transmission in the Valmy Unit 2 case.
 - Steve noted there were 3 cases on file that they are reviewing and will share a WY state supreme court case denying cost recovery and a pending federal case on the same issue. As a general rule transmission upgrades as part of an integrated system are considered like all other company investments.
 - Carl elaborated on the history of the Alturas project to clarify points raised in Wayne's memorandum.
- Wayne discussed the key points of his issue memorandum.
- Tom C. summarized his findings about (a) FERC's natural gas pipeline open season process, and (b) the Northern Lights proposal.
- Marla reported that Texas has put together transmission pricing rules that may be of interest.
- Becky reported that PacifiCorp is forming an internal workgroup to examine transmission pricing principles. Steve Waddington has offered to report on its progress.

NEXT STEPS -- The group agreed to the following:

- Becky will update the consolidated draft of state treatment of transmission investments to reflect PacifiCorp's Multi-State Process agreement and add a section on evaluation criteria.
- The group agreed to circulate written drafts of state transmission case studies by February 7. One objective is to understand the legal and applied standards (e.g., criteria) that were used in the cases.

- A writing subgroup, Doug, Tom, Wayne and Becky, will draft an integrated paper of written work thus far, i.e., state regulatory processes, case studies and Wayne's issue paper. This integrated paper will be circulated for review by February 16.
- Circulate information on the Texas pricing rules.
- Wayne will track down the pricing principles developed by the (Southwest Power Pool) SPP state regional committee.
- The Work Group continues along the following schedule –
 - It would agree on a draft document that describes existing regulatory policies and recent case study experiences, and discusses how existing processes would treat different types of transmission investments.
 - Once the Work Group is comfortable with the draft document, it would invite selected industry representatives to join the conference call and provide feedback on the draft document.
 - The goal for a final work product is April in order to provide feedback at the next CREPC meeting.

NEXT CALL -- The Work Group agreed to hold the next call on:

March 4 at 10:00 a.m. MST/9:00 a.m. PST/12 noon EST.

The purpose of the call is to review the draft integrated paper and the SPP pricing rules.

To connect to the next call:

DIAL: 973.935.2026.

PASS CODE: 311861.