

Cost Allocation Working Group – May 27, 2009

NOTES: Highway/Byway Discussion

Rate Impacts Presentation: Sundman

- o Postage Stamp Revenue Requirement Impacts, Highway-byway Revenue Requirements, Net Plant Analysis,

- o Staff needs to get real numbers for the “Net Plant Ratio” on the Rate Impacts Report.

SL

Analysis excludes BPF, future facilities, etc.

second tier issue to be reported after other work

20% represents a plug figure that was used when no response was received by SPP

Highway-byway Proposals

- o Mike Proctor - A two part rate design proposal
 - o Ground up focus with emphasis on demonstrating to states reasonable rate allocation based on benefits to users relative to cost
 - o User “Access” fee for Highway facilities
- o Pat Bourne - SPP staff “bright line” strawman
 - o Slide 15, bullet under “pay off outstanding base plan funding”, this is in reference to the credits components resultant of the safe harbor component of network service requests.”
- o Dennis Reed and David Kays discussed the WR/OGE proposal
 - o WR, Interconnection facilities support regional transfers
 - o 345kV brightline
 - o Various observations summarized in slide 7, 8 & 9
- o SECI concerned about byway treatment of DR wind integration facilities being placed back on the host zone.
 - o example of treatment of wind plant upgrades
- o Treatment of existing facilities
 - o Roy Sundman to fill out missing net plant ratios in the revenue impact analysis and give more details on these impacts
 - o S. Loudenslager) We need to prevent concern over existing facilities derailing the effort. How to handle existing facilities is a secondary issue.
 - o Treatment of Balanced Portfolio
 - If H/B applied, the two transformers would be direct assigned. How would this affect the BP balance?
 - Some stated that the BP was approved based on agreement for postage stamp funding
 - Questions raised about how H/B would affect zonal allocations and calculated balance.
- o Transition plan for methodologies
 - o Robert Shields, disliked long transition, advocated a quick cut over.
- o Bary Warren expressed some unresolved issues among the TO's.
 - o Sam Loudenslager directed the TO's to expedite a summary of concerns.
 - o Concerns need to be stated clearly so CAWG can begin addressing these concerns.
- o October 27th objective
 - o General consensus among states and stakeholders that October 27th is the practical date for completing H/B development.