

August 5, 2025

To: NorthernGrid FERC-Jurisdictional Utilities

Dennis Vermillion, CEO, Avista

Lisa Grow, President and CEO, Idaho Power

Cindy Crane, CEO, PacifiCorp

Maria Pope, President and CEO, Portland General Electric

Mary Kipp, President and CEO, Puget Sound Energy

Brian Bird, President and CEO, Northwestern Energy

Brandon Barkhuff, President and CEO, NV Energy

Dear NorthernGrid Enrolled Parties:

The Federal Energy Regulatory Commission's ("FERC" or "Commission") Orders Nos. 1920¹, 1920-A², and 1920-B³ established a State Engagement Period⁴ during which FERC-jurisdictional transmission providers in a transmission planning region are required to establish a forum for Relevant State Entities (RSEs) to contribute feedback, ideas, and proposals associated with the potential allocation of costs for certain regionally-selected transmission projects.

The Committee on Regional Electric Power Cooperation, which has been bringing Western utility commissions and energy offices together to discuss regional electric power system policy issues since 1982, formed a 1920 Ad Hoc Committee to help facilitate state RSE discussions in NorthernGrid and WestConnect. The CREPC 1920 Ad Hoc Committee has one voting representative from each state in the NorthernGrid and WestConnect footprints, who coordinates with the other RSEs in their respective state.

As representatives of the RSEs in the NorthernGrid region, we seek to comment on the proposed *ex ante* cost allocation formula NorthernGrid outlined during the CREPC-TC Order No. 1920 Ad Hoc Committee Meeting on May 28.

¹ 187 FERC ¶ 61, 068 (2024).

² 189 FERC ¶ 61,126 (2024).

³ 191 FERC ¶ 61,026 (2025).

⁴ See e.g., 187 FERC ¶ 61,068 at P.1354.

NorthernGrid indicated during the May 28 Ad Hoc Committee Meeting that its transmission providers intend to propose a cost allocation process and methodology in their Order No. 1920 compliance plans as follows:

- 1) Determine which enrolled transmission owners (ETOs) will benefit from a transmission project selected by the region for the purposes of cost allocation based on three benefits associated with the project that are *different* from the seven benefits FERC requires ETOs to consider in the prior transmission planning phase. NorthernGrid's proposed benefits to consider for cost allocation are:
 - a. the creation of useable available transmission capacity;
 - b. the deferral of the need for other transmission projects due to the selected transmission project;
 - c. and the elimination of the need for other transmission projects due to the selected transmission projects.
- 2) Calculate the ratio of the dollar value of the three benefits for a specific ETO in comparison to the dollar value of the three benefits for all ETOs that will benefit.
- 3) Multiply the percentage ratio for each individual ETO by the total costs of the project to derive a percentage share of costs for each individual ETO.

The RSEs, as a group, are still discussing different aspects of NorthernGrid's proposed *ex ante* cost allocation approach, however, one issue RSEs quickly agreed on was our concern that the three benefits considered for purposes of cost allocation are too narrow in scope. Instead, NorthernGrid's cost allocation methodology should rely on each of the seven benefits FERC requires transmission providers to utilize when assessing the benefit-cost ratio of each project.

This broader set of benefits will more accurately reflect the benefits each transmission provider would receive from a proposed transmission project. These benefits will also be considered and quantified in NorthernGrid's transmission planning phases to develop a regional transmission plan, and it makes little sense to drop them from consideration for cost allocation selection and quantification. Doing so would result in a mismatch between benefits considered and developed for planning purposes, and the subsequent allocation of costs to utilities and their ratepayers.

Additionally, Order No. 1920-A notes that RSEs in a transmission planning region are entitled to propose their own *ex ante* cost allocation methodology or methodologies, and transmission providers are obligated to submit that proposal to the Commission even if the

transmission providers submit a different *ex ante* cost allocation methodology or methodologies in their compliance plans.⁵

The RSEs in the NorthernGrid region will explore the development of a state-proposed *ex ante* cost allocation methodology before the State Engagement Period expires and will inform NorthernGrid when or if RSEs can agree to a state-proposed methodology to submit to the Commission.

As RSEs continue to discuss NorthernGrid's compliance proposals and work towards the potential development of a states-proposed *ex ante* methodology or methodologies, we may have additional feedback to provide to NorthernGrid regarding State Engagement Period topics, including cost allocation, and other topics related to NorthernGrid's Order 1920 compliance such as transmission planning and selection criteria.

We will keep you apprised if and when this additional feedback is developed and if RSEs agree to propose a different cost allocation methodology or set of methodologies.

Thank you for considering our views, and please let us know if you have any questions.

Respectfully submitted,

/s/ Tammy Cordova

Tammy Cordova
Commissioner, Public Utilities
Commission of Nevada

/s/ Les Perkins

Les Perkins
Commissioner, Oregon Public
Utility Commission

/s/ Brian Rybarik

Brian Rybarik
Chair, Washington Utilities
and Transportation
Commission

/s/ Dayn Hardie

Dayne Hardie
Commissioner, Idaho Public
Utilities Commission

/s/ John S. Harvey, Ph.D.

John S. Harvey, Ph.D.
Commissioner, Utah Public
Service Commission

/s/ Chris Petrie

Chris Petrie
Deputy Chairman, Wyoming
Public Service Commission

/s/ Kyla Maki

Kyla Maki
Energy Planning & Renewables
Section Supervisor, Montana
Department of Environmental
Quality

⁵ 187 FERC ¶ 61,068 at P. 629 and P. 674.