

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

SEP 12 2008



In the Matter of the Application of ITC Great)
Plains, LLC to Amend its Certificate of Public)
Convenience and Authority to Transact the)
Business of an Electric Public Utility in the)
State of Kansas.)

Docket No. 08-ITCE-936-COC

NOTICE

COME NOW ITC Great Plains, LLC (ITC Great Plains), Mid-Kansas Electric Company, LLC (Mid-Kansas) and Sunflower Electric Power Corporation (Sunflower), and provide Notice to the State Corporation Commission of the State of Kansas (Commission) of agreements between ITC Great Plains and Mid-Kansas and ITC Great Plains and Sunflower. These two agreements were the subject of a press release which was issued September 2, 2008. For the Commission's information, a copy of the press release is attached hereto.

I. BACKGROUND

1. On April 11, 2008, ITC Great Plains filed its Application in the instant docket and in companion Docket Nos. 08-ITCE-937-COC and 08-ITCE-938-COC. Each docket relates to a separate project that together comprise the V-Plan. The V-Plan, in turn, is the Kansas portion of the broader X-Plan, which extends into Oklahoma. The V-Plan has been recognized as a high priority by the Kansas Electric Transmission Authority (KETA) and has been recognized by the State of Kansas as a vehicle to connect wind energy to the grid. Importantly, the V-Plan was approved by the Southwest Power Pool (SPP) Board of Directors as part of SPP's transmission expansion plan (STEP) in January, 2008.

2. Pursuant to the Stipulation and Agreement (Stipulation) approved by the Commission in Docket No. 07-ITCE-380-COC, ITC Great Plains has the right to construct SPP transmission projects for which each Affected Incumbent Transmission Owner (AITO) has

declined to exercise its right of first refusal. Stipulation at ¶ 11(a). In the case of multiple AITOs, each AITO has the right of first refusal to construct its portion of the SPP Transmission Project that connects to its transmission system. *Id.* at ¶ 11(c).

3. In the case of the instant docket, this initial segment would connect with the Spearville substation, which is owned by Sunflower, and run through territory in which Mid-Kansas is the incumbent retail provider and transmission owner, and then terminate at a new Mid-Kansas and/or ITC substation located in the Medicine Lodge area. Sunflower and Mid-Kansas are both AITOs for this initial segment. *See* Motion to Intervene of Sunflower and Mid-Kansas at 5-6. As noted in their intervention, Mid-Kansas and Sunflower had not, at that time, relinquished any rights granted to them under the conditions of the Stipulation, including any right of first refusal applicable to the construction of their portions of the proposed V-Plan. *Id.* at 7-8.

4. Since the time of the Mid-Kansas and Sunflower filing, however, ITC Great Plains, Mid-Kansas and Sunflower have discussed various ways to facilitate the construction of high voltage transmission facilities in the areas of Kansas where Mid-Kansas and Sunflower are the AITOs. As a result of their discussions, and consistent with the provisions of the SPP Open Access Transmission Tariff,¹ Mid-Kansas and Sunflower have each agreed to designate ITC as

¹ Attachment O, Section IX, of SPP's OATT provides (emphasis supplied):

- 4) After a new transmission project has been approved for construction in the SPP Transmission Expansion Plan, required pursuant to a Service Agreement, or required pursuant to an interconnection agreement, the Transmission Provider will authorize the appropriate Transmission Owners to begin implementation of the project for which financial commitment is required prior to the approval of the next update of the SPP Transmission Expansion Plan. If the project forms a connection between facilities of a single Transmission Owner, that Owner will be designated to provide the new facilities. If the project forms a connection between facilities owned by two different Transmission Owners or between a new facility and the facilities of a Transmission Owner, both entities will be designated to provide the new facilities. The two entities will agree between themselves how much of the project will be provided by each entity. If agreement cannot be reached, the Transmission Provider will facilitate the ownership determination process.
- (5) **A designated provider for a project can elect to arrange for another entity or another existing Transmission Owner to build and/or own the project in their place.** If a designated provider or

the builder and owner of certain high voltage transmission projects, including the initial V-Plan segment, which is the subject of this docket, while ensuring maximum use of existing rights-of-way and facilities and use of the local transmission owner for long-term maintenance. The salient details of the agreements are identified in the attached press release and are briefly described below.

II. AGREEMENTS

5. Mid-Kansas and Sunflower have agreed to designate ITC Great Plains as the party responsible and authorized to construct and own their portions of the projects comprising the V-Plan.

6. Mid-Kansas and Sunflower have also agreed to designate ITC Great Plains as the transmission owner to construct and own the KETA Project and a third project that starts in Kansas but will be built substantially in Oklahoma.

7. Mid-Kansas and Sunflower are retaining their status as the builder and owner of future projects that interconnect with the projects ITC Great Plains will build and own. If either Mid-Kansas or Sunflower choose not to build a new project for which it would be the AITO, then it would designate ITC Great Plains to build and own it.

8. ITC Great Plains will enter into long-term maintenance contracts with the applicable incumbent transmission owner.

9. Nothing in the agreement affects Mid-Kansas' or Sunflower's existing public utility certificates or obligations vis-à-vis their customers or contractual commitments. The agreement pertains only to the discrete projects identified in paragraphs 5 through 8 above.

providers do not or cannot agree to implement the project in a timely manner, the Transmission Provider will solicit and evaluate proposals for the project from other entities and select a replacement designated provider.

10. The designation and construction of the projects is subject to necessary regulatory and lender approvals.

11. One exception to Mid-Kansas' and Sunflower's designation of ITC Great Plains to construct and own the V-Plan projects is that ITC Great Plains, Mid-Kansas and Sunflower agreed to offer to Westar Energy, Inc. (Westar) full rights to be the sole Transmission Owner for constructing and owning the Wichita to Medicine Lodge portion of the V-Plan (Docket No. 08-ITCE-938-COC). This portion of the V-Plan project resides substantially in Mid-Kansas' retail service territory, the area in which it is the incumbent transmission owner. ITC Great Plains would build and own the other two portions of the V-Plan.

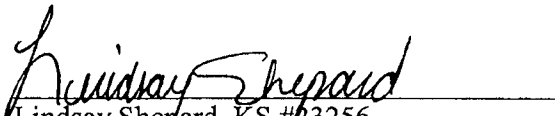
12. If Mid-Kansas and Sunflower are unable to reach a satisfactory agreement with Westar, Mid-Kansas will designate ITC Great Plains to construct the portion of the Wichita to Medicine Lodge segment of the V-Plan project that it otherwise would be entitled to construct.

WHEREFORE, ITC Great Plains, Mid-Kansas and Sunflower hereby provide Notice to the Commission of the attached press release of agreements reached by ITC Great Plains and Mid-Kansas and ITC Great Plains and Sunflower, and more fully described herein.

Respectfully submitted,

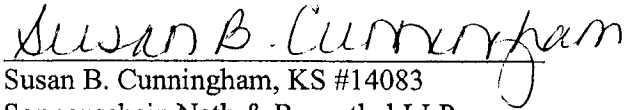


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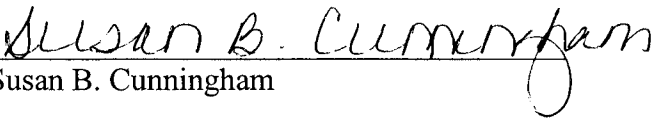
ATTORNEYS FOR ITC GREAT PLAINS,
LLC

Attachment

VERIFICATION
K.S.A. 53-601

STATE OF KANSAS)
)
COUNTY OF SHAWNEE) ss:

I verify under penalty of perjury that the foregoing is true and correct.



Susan B. Cunningham

Executed on September 12, 2008

CERTIFICATE OF SERVICE

I, the undersigned, do hereby certify that on this 12th day of September, 2008, a true and correct copy of the above and foregoing document was mailed, postage prepaid, or hand-delivered, to the below parties on the docket service list for Docket No. 08-ITCE-936-COC, as last modified on September 3, 2008.

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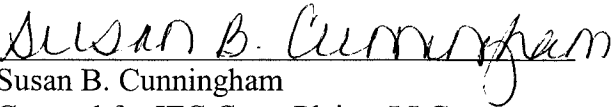
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Mid-Kansas Electric Company, LLC
Neighbors Serving Neighbors



FOR IMMEDIATE RELEASE

Kansas Utilities to Cooperate on Major High-Voltage Transmission Project *Mid-Kansas Electric Company, Sunflower Electric Power Corporation designate ITC Great Plains to build Kansas V-Plan*

Hays, Kan., September [2], 2008 – Mid-Kansas Electric Company (Mid-Kansas) and Sunflower Electric Power Corporation (Sunflower) have reached an agreement with ITC Great Plains LLC (ITC Great Plains) designating ITC Great Plains to build two of the three sections that will comprise the proposed Kansas V-Plan transmission project.

ITC Great Plains will build two sections of the Kansas V-Plan. The first section is a transmission line from Spearville, Kan., to Comanche County, Kan., and the second section is a transmission line from Comanche County to Medicine Lodge, Kan. The V-Plan will be constructed at 765-kV if deemed appropriate by Southwest Power Pool, Inc. (SPP). The agreement is subject to certain regulatory approvals and conditions.

As part of the agreement, Mid-Kansas and Sunflower have offered Westar Energy (Westar) an opportunity to build the third section of the Kansas V-Plan, a transmission line that will run from Medicine Lodge to Sedgwick County, Kan.; terminating just outside Wichita, Kan. Westar operates a service territory that overlaps portions of the third section. In the offer, Westar would build a segment of the V-Plan outside their service territory. Should Westar elect not to participate, ITC Great Plains is committed to building any portion of the third section.

“We are committed to meeting the energy needs of our Members. This agreement with ITC will assist us as we continue to achieve that goal,” said Earl Watkins, president and CEO of Mid-Kansas and Sunflower. “We are proud to work with ITC in a project that will enhance the reliability and affordability of energy to our Members and allow the import and export of energy, while promoting further development of renewable resources, including wind, in western Kansas and the entire region. We hope Westar will join in the endeavor.”

“This agreement is a revolutionary approach and a major milestone in the quest to build a 21st-century transmission grid in Kansas,” said Carl Huslig, ITC Great Plains president. “ITC, Mid-Kansas, and Sunflower believe that collaboration is an excellent model for building crucial infrastructure. The winners will be Kansans, who will benefit from a robust transmission grid that will increase

reliability, lower costs, provide equal access to energy and further wind energy development.

Rep. Tom Sloan, R-Lawrence, a strong proponent of improving the transmission system between eastern and western Kansas, and an organizer of five annual transmission summits in Kansas, said, "I am pleased to see the development of this essential transmission construction. These projects are necessary to ensure not only that all Kansans have reliable energy, but also that Kansas can export energy to meet national needs."

About the Kansas V-Plan

The Kansas V-Plan is a 180-mile high-voltage transmission line that will run southeast from Spearville, Kan., to Comanche County, Kan., then toward Medicine Lodge, Kan., and then northeast to terminate in Sedgwick County, just outside Wichita, Kan. The V-Plan has been included in the Southwest Power Pool's Transmission Expansion Plan and is the largest electric infrastructure project to be proposed in Kansas in nearly 25 years.

About ITC Holdings Corp.

ITC Holdings Corp. (**NYSE: ITC**) invests in the electricity transmission grid to improve electric reliability, improve access to markets, and lower the overall cost of delivered energy. ITC is the largest independent electricity transmission company in the country. Through its subsidiaries, ITC Transmission, Michigan Electric Transmission Company, LLC (METC) and ITC Midwest LLC, ITC operates regulated, high-voltage transmission systems in Michigan's Lower Peninsula and portions of Iowa, Minnesota, Illinois and Missouri, serving a combined peak load in excess of 25,000 megawatts. ITC is also focused on new areas where significant transmission system improvements are needed such as Kansas and Oklahoma through subsidiaries ITC Grid Development, ITC Great Plains and ITC Panhandle Transmission. For more information, please visit: <http://www.itc-holdings.com>. (itc-ITC)

About ITC Great Plains

ITC Great Plains was formed in July 2006 as a subsidiary of ITC Grid Development, a wholly-owned subsidiary of ITC Holdings Corp. ITC Great Plains is a transmission-only utility which seeks to build a more robust electric transmission system so that every electric customer in SPP will have access to reliable, non-discriminatory, competitive and low-cost energy. ITC Great Plains was granted transmission-only utility status in Kansas and has a utility status application pending in Oklahoma which provides the ability for ITC Great Plains to own and operate a fully-regulated, high-voltage transmission system that transmits electricity to local electricity distribution facilities from generating stations throughout the SPP region. ITC Great Plains is committed to working with all stakeholders to identify and solve transmission issues throughout SPP.

About Mid-Kansas Electric Company LLC

Mid-Kansas Electric Company LLC is a coalition of six rural electric cooperatives serving in 34 western Kansas counties who organized for the purpose of acquiring the assets of Aquila's Kansas Electric Network. The cooperatives also own Sunflower Electric Power Corporation, a generation and transmission service provider, and they own other businesses that provide a wide range of services including water supplies, satellite TV and Internet access, wireless broadband Internet access, cellular telephone service, commercial electrical services and propane delivery services.

About Sunflower Electric Power Corporation

Sunflower Electric Power Corporation is a regional wholesale power supplier that operates a 1,257 MW system of wind, gas, and coal-based generating plants and a 2,300-mile transmission system for the needs of its six member cooperatives that serve more than 400,000 customers living in central and western Kansas. Visit Sunflower's website at <http://www.sunflower.net>.

Sunflower's member cooperatives include Lane-Scott Electric Cooperative, Dighton; Pioneer Electric Cooperative, Ulysses; Prairie Land Electric Cooperative, Norton; The Victory Electric Cooperative Association, Dodge City; Western Cooperative Electric Association, WaKeeney; and Wheatland Electric Cooperative, Scott City, Kan.

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