

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

In the Matter of the Joint Application of )  
ITC Great Plains, LLC, and its Parent )  
Company, ITC Holdings Corp., Together ) Docket No. 16- \_\_\_\_\_  
With Fortis Inc., FortisUS Inc., ITC )  
Investment Holdings Inc. and )  
Element Acquisition Sub Inc., for an )  
Order Approving the Acquisition by )  
Fortis Inc. of the Majority of All )  
Classes of the Stock of )  
ITC Holdings Corp., )  
and its Subsidiary Companies, )  
Including ITC Great Plains, LLC. )

**DIRECT TESTIMONY**

**OF**

**LINDA H. BLAIR**

**EXECUTIVE VICE PRESIDENT AND  
CHIEF BUSINESS UNIT OFFICER FOR  
ITC HOLDINGS CORP**

**May 10, 2016**

**I. INTRODUCTION**

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**  
2 **ADDRESS.**

3 A. My name is Linda H. Blair. I am Executive Vice President and Chief Business Unit  
4 Officer for ITC Holdings Corp. (“ITC Holdings”). My business address is 27175  
5 Energy Way; Novi, MI 48377.

6 **Q. WHAT ARE YOUR DUTIES AS EXECUTIVE VICE PRESIDENT AND**  
7 **CHIEF BUSINESS UNIT OFFICER FOR ITC HOLDINGS?**

8 A. I have operational and financial responsibility for ITC Holdings’ for regulated  
9 operating companies, including ITC Great Plains, LLC (“ITC Great Plains”).  
10 Responsibilities include, but are not limited to, ensuring the operational and  
11 financial performance of the regulated business units, and additional functions such  
12 as stakeholder relations, state regulatory affairs, state legislative affairs, local,  
13 community and governmental affairs, and philanthropy.

14 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS MATTER?**

15 A. I am testifying on behalf of ITC Great Plains, a Joint Applicant in this matter.

16 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION OR**  
17 **ANOTHER STATE COMMISSION?**

18 A. No.

19 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

20 A. I hold a Masters of Business Administration (“MBA”) and a bachelor’s degree in  
21 Public Affairs Management from Michigan State University. In addition, I have  
22 completed the Advanced Management Program at the University of Chicago, Booth  
23 School of Business.

24 **Q. PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE AND**

1           **QUALIFICATIONS.**

2       A.     Prior to my present position, I served as Executive Vice President and Chief  
3           Business Officer for ITC Holdings, where I was responsible for the company's  
4           regulatory, marketing and communications, federal, state and local government  
5           affairs, and human resource functions. Prior to this position, I was the Vice  
6           President of Business Strategy, similarly responsible for Regulatory Strategy,  
7           Federal, State and Local Governmental Affairs, Human Resources, and Marketing  
8           and Communications functions. Previous to joining ITC Holdings, I was Manager  
9           of Transmission Policy and Business Planning for ITC Holdings when the  
10          organization was a subsidiary of DTE Energy. At DTE Energy, I held a variety of  
11          positions at Detroit Edison, including Manager, Regulatory Relations, where I was  
12          responsible for developing and managing regulatory and communications activities  
13          with the Michigan Public Service Commission and the Federal Energy Regulatory  
14          Commission. I am a past member of the Department of Energy's Electricity  
15          Advisory Committee and its Transmission Subcommittee and past chair of The Heat  
16          and Warmth Fund, an independent 501(c)3 non-profit organization which distributes  
17          utility assistance to vulnerable Michigan residents including the elderly,  
18          unemployed, underemployed and disabled individuals, who find themselves in an  
19          energy crisis. I also currently serve on the board of trustees for the Henry Ford  
20          West Bloomfield Hospital and serve as the President of ITC Michigan, which  
21          includes two Michigan-area operating companies. In this role, I oversee ITC  
22          Michigan's regulated operating companies and business functions, including  
23          stakeholder relations, state legislative affairs, community and government affairs,

1 philanthropy, and business unit capital, finance and rates. A more detailed résumé  
2 is attached as Exhibit LHB-1.

3 **Q. WHAT IS THE PURPOSE OF THIS PROCEEDING?**

4 A. The purpose of the Joint Application is to seek this Commission's approval of the  
5 proposed merger transaction between ITC Holdings and Fortis Inc. ("Fortis")  
6 effecting an upstream change in ownership of ITC Great Plains. I am providing this  
7 testimony on behalf of ITC Great Plains in support of the Joint Application, and will  
8 be addressing certain of the merger standards utilized by the Commission in  
9 determining whether to approve a transaction of this nature. Specifically, I will be  
10 addressing the following items of the Merger Standards Order, which are noted in  
11 parenthesis below:

- 12 • (a): the effect of the proposed transaction on consumers, including
  - 13 ○ (a)(i): the effect of the transaction on the financial condition of the newly
  - 14 created entity as compared to the financial condition of the stand-alone
  - 15 entities if the transaction did not occur;
  - 16 ○ (a)(ii): the reasonableness of the purchase price;
  - 17 ○ (a)(iii): ratepayer benefits arising from the transaction;
  - 18 ○ (a)(iv): operational synergies resulting from the transaction;
  - 19 ○ (a)(v): the effect of the transaction on existing competition;
- 20 • (b): the effect of the transaction on the environment;
- 21 • (c): how the transaction will be beneficial to the State of Kansas and the local
- 22 economies in the areas where ITC Great Plains operates;
- 23 • (d): how the proposed transaction will preserve existing KCC jurisdiction;

- 1           • (f) whether the transaction maximizes the use of Kansas energy resources and
- 2           reduces the possibility of economic waste; and, finally,
- 3           • (g): what impact, if any, the transaction has on public safety.

## II.     DESCRIPTION OF THE ITC COMPANIES

4     **Q.     PLEASE DESCRIBE ITC HOLDINGS.**

5     A.     ITC Holdings is a publicly traded holding company incorporated under the laws of  
6           Michigan, with its principal office in Novi, Michigan. ITC Holdings owns four  
7           transmission operating companies: ITC *Transmission* Company, Michigan Electric  
8           Transmission Company LLC, ITC Midwest LLC, and ITC Great Plains. These  
9           operating companies construct, own, maintain, and operate approximately 15,600  
10          miles of high-voltage transmission lines in Michigan, portions of Iowa, Minnesota,  
11          Illinois, Missouri, Kansas, and Oklahoma, serving a combined peak load exceeding  
12          26,000 megawatts (“MW”). Each of these operating companies, including ITC  
13          Great Plains, is an independent, stand-alone transmission company engaged  
14          exclusively in the development, ownership, and operation of electrical transmission  
15          facilities.

16   **Q.     PLEASE DESCRIBE ITC GREAT PLAINS.**

17   A.     ITC Great Plains is a transmission-only public utility that holds authority from this  
18          Commission pursuant to an Order dated June 5, 2007 issued in Docket No. 07-  
19          ITCE-380-COC. ITC Great Plains’ authorization to do business in Kansas has been  
20          subsequently expanded by Commission Orders to encompass additional  
21          transmission projects. ITC Great Plains was formed in 2006 by ITC Holdings and  
22          became regulated by the Federal Energy Regulatory Commission (“FERC”) in

2009. ITC Great Plains owns and operates approximately 440 miles of transmission line rated at voltage of 345 kilovolts (“kV”) as well as approximately 1,900 transmission towers and poles within the footprint of the Southwest Power Pool (“SPP”) Regional Transmission Organization (“RTO”). ITC Great Plains has turned functional control of its transmission assets over to SPP. These transmission facilities are subject to federal rate regulation and the SPP is responsible for independently administering ITC Great Plains’ transmission system in accordance with the SPP’s Open Access Transmission Tariff (“OATT”). ITC owns and operates the Spearville-Axtell (KETA) line in Ford, Hodgeman, Edwards, Pawnee, Rush, Ellis, Rooks, Osborne, and Smith counties and the V-Plan line in Ford, Clark, Kiowa, and Barber counties. The KETA line includes the Post Rock and Spearville substations. The V-Plan line includes the Spearville, Clark, Thistle, and Ironwood substations. ITC Great Plains also owns and operates the Flat Ridge and Elm Creek substations, in Barber County and Cloud County respectively.<sup>1</sup>

**Q. WHAT IS THE RELATIONSHIP BETWEEN ITC HOLDINGS AND ITC GREAT PLAINS?**

A. ITC Great Plains is a wholly-owned direct subsidiary of ITC Grid Development, LLC, which in turn is a wholly-owned direct subsidiary of ITC Holdings.

### **III. THE PROPOSED TRANSACTION WITH FORTIS**

**Q. PLEASE DESCRIBE THE PROPOSED TRANSACTION BETWEEN ITC HOLDINGS AND FORTIS THAT IS THE BASIS FOR THIS PROCEEDING.**

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<sup>1</sup> ITC Great Plains’ also currently has under construction a transmission line from the Elm Creek substation to Westar’s Summit substation. ITC Great Plains and Mid-Kansas Electric Company, LLC jointly own and are building approximately half of that line.

1 A. Fortis and ITC Holdings have entered into an Agreement and Plan of Merger (the  
2 “Merger Agreement”) pursuant to which Fortis will acquire a controlling equity  
3 interest in ITC Holdings (the “Transaction”). The Merger Agreement is attached as  
4 Exhibit D to the Joint Application. As compensation for their shares, shareholders  
5 of ITC Holdings will receive US\$22.57 in cash and 0.7520 Fortis shares per ITC  
6 share. Upon completion of the Transaction, all of the outstanding shares of  
7 common stock of ITC Holdings will be cancelled, ITC Holdings will become a  
8 majority-owned, indirect subsidiary of Fortis, and along with the other subsidiaries  
9 of ITC Holdings, ITC Great Plains will become a wholly-owned, indirect subsidiary  
10 of Fortis Inc. Approximately 27% of the common shares of Fortis will be held by  
11 shareholders of ITC Holdings. By the time of closing, the Transaction will have  
12 been approved by the boards of directors of both ITC Holdings and Fortis.

13 **Q. HOW WILL THE TRANSACTION AFFECT ITC GREAT PLAINS?**

14 A. ITC Great Plains will be owned by Fortis after the Transaction is complete,  
15 however, the corporate structure and management of ITC Great Plains will remain  
16 unchanged. The Transaction will result in no changes to ITC Great Plains’  
17 operating practices or policies, and no adverse changes to its financial integrity will  
18 result. ITC Great Plains will continue to fully comply with all applicable rules and  
19 regulations of this Commission. The SPP will continue to maintain functional  
20 control of the company’s transmission assets, those facilities will remain subject to  
21 federal rate regulation, and the SPP will continue to be responsible for  
22 independently administering ITC Great Plains’ transmission system in accordance  
23 with the SPP’s Open Access Transmission Tariff.

**IV. THE TRANSACTION IS IN THE PUBLIC INTEREST**

1 **Q. WHAT IS YOUR UNDERSTANDING OF THE COMMISSION'S**  
2 **DECISION-MAKING PROCESS FOR TRANSACTIONS SUCH AS THE**  
3 **ONE PROPOSED?**

4 A. Although I am not an attorney, it is my understanding that the Commission  
5 evaluates a number of factors, commonly referred to as the "Merger Standards  
6 Order," in order to determine whether a proposed transaction will promote the  
7 public interest.<sup>2</sup> To the extent applicable, I will discuss the merger standards as  
8 applied to the proposed Transaction, and ITC Great Plains' belief that the  
9 Transaction, if approved, will promote the public interest.

10 **Q: WILL THE TRANSACTION RESULT IN UNJUSTIFIED SUBSIDIZATION**  
11 **OF NON-UTILITY ACTIVITIES BY THE UTILITIES OR ITS**  
12 **CUSTOMERS?**  
13

14 A: No. Nothing about the Transaction will result in unjustified subsidization of non-  
15 utility activities by ITC Great Plains or its customers and ITC Great Plains' rates are  
16 regulated by the Federal Energy Regulatory Commission ("FERC"), rather than by  
17 the Commission. The Joint Applicants must also obtain FERC approval of this  
18 transaction under Section 203 of the Federal Power Act, which requires the Joint  
19 Applicants to demonstrate that the Transaction will not result in cross subsidization  
20 of a non-utility associate company. The Transaction will be governed by the  
21 appropriate contractual requirements, allocation standards, and compliance  
22 processes to ensure that the Joint Applicants' non-utility activities, including the

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<sup>2</sup> See, November 15, 1991, KPL/KGE Merger Order, Docket Nos. 172,745-U and 174-155-U (the "Merger Standards Order.")



1 activities of any non-regulated subsidiaries, will not be subsidized by ITC Great  
2 Plains or its customers.

3 **Q. WHAT IS THE EFFECT OF THE PROPOSED TRANSACTION ON ITC**  
4 **GREAT PLAINS' FINANCIAL CONDITION (MERGER STANDARDS**  
5 **ORDER (a)(i))?**

6 A. The financial stability of ITC Great Plains and its parent companies will not be  
7 adversely affected in any way. On the contrary, the financial stability of ITC Great  
8 Plains will be enhanced because it will be part of a larger group of sound utility  
9 operating companies with broader resources in more diverse markets. The  
10 Transaction is expected to have a positive impact on the financial condition of both  
11 Fortis and ITC.

12 **Q. IS THE PURCHASE PRICE REASONABLE (MERGER STANDARDS**  
13 **ORDER (a)(ii))?**

14 A. Yes. The consideration that Fortis is paying for ITC is based on a per share  
15 purchase price of US\$ 44.90 per ITC common share (US\$22.57 in cash + 0.7520 of  
16 a Fortis common share). This represents an approximate 33% premium compared  
17 to the US\$ 33.75 ITC pre-bid unaffected stock price as of market close on  
18 November 27, 2015, immediately before ITC publicly announced that it was  
19 undertaking a review of its strategic alternatives.<sup>3</sup> Joint Applicants have committed  
20 to hold wholesale and unbundled transmission customers harmless from transaction  
21 and acquisition costs and will not seek to recover such costs in the ITC Operating  
22 Companies' cost-based rates absent a further filing consistent with FERC

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<sup>3</sup> Based on the closing price for Fortis common shares on February 8, 2016.

1 requirements. Therefore, the Transaction is expected to be neutral to ITC Great  
2 Plains' customers.

3 **Q. ARE THERE RATEPAYER BENEFITS THAT WILL RESULT FROM THE**  
4 **TRANSACTION (MERGER STANDARDS ORDER (a)(iii))?**

5  
6 A. Instead of retail ratepayers, ITC Great Plains has wholesale customers, and FERC  
7 retains exclusive jurisdiction over the rates ITC Great Plains may charge for use of  
8 its transmission system by approving the terms and conditions set forth in ITC Great  
9 Plains' SPP formula rate tariff. However, ratepayers will benefit from the  
10 Transaction through Fortis's strong support of the ITC Great Plains' commitment to  
11 the delivery of safe, reliable and efficient transmission services, and further  
12 investment in upgrading and expanding transmission infrastructure across ITC Great  
13 Plains' operating territory.

14 **Q. ARE THERE OPERATIONAL SYNERGIES THAT WILL RESULT FROM**  
15 **THE TRANSACTION (MERGER STANDARDS ORDER (a)(iv))?**

16  
17 A. A key benefit of the Transaction is that it will allow ITC Holdings to focus  
18 exclusively on its core business-the provision of safe and reliable transmission  
19 service. Upon ITC becoming a private company, certain non-core aspects of ITC's  
20 business relating to public company regulation will be discontinued, and its  
21 resources will be more efficiently dedicated to its core transmission utility business.  
22 ITC Great Plains believes that these operational synergies will be beneficial to both  
23 Fortis and ITC.

24 In addition, Fortis' acquisition of ITC Holdings brings many significant benefits to  
25 Fortis, including greater diversification of the Fortis operation, as ITC Holdings will  
26 be Fortis' only pure-transmission utility. ITC Holdings will also represent Fortis'

1           only utility with operations within the SPP and the Midcontinent Independent  
2           System Operator, Inc. (“MISO”) regions, and thus provides greater geographic  
3           diversity.

4   **Q.   WILL THE TRANSACTION HAVE AN EFFECT ON EXISTING**  
5   **COMPETITION IN KANSAS (MERGER STANDARDS ORDER (a)(v))?**

6   A.   No, the Transaction will have no effect on existing competition in Kansas. ITC  
7           Great Plains operates within the State of Kansas pursuant to a limited, transmission  
8           rights only certificate, and operates only within specified geographic areas  
9           authorized by the Commission. Furthermore, SPP will continue to have functional  
10          control over the transmission assets of ITC Great Plains, and ITC Great Plains will  
11          continue to be an independent transmission company member of SPP, providing  
12          transmission service pursuant to the terms and conditions under SPP’s FERC-  
13          approved Open Access Transmission Tariff (“OATT”). Therefore the Transaction  
14          will have no effect on existing competition in Kansas.

15   **Q.   WILL THERE BE ANY EFFECT ON THE ENVIRONMENT IN KANSAS**  
16   **AS A RESULT OF THE TRANSACTION (MERGER STANDARDS ORDER**  
17   **(b))?**

18  
19   A.   No, ITC Great Plains is and will remain subject to the regulatory oversight of the  
20           Kansas Department of Health and Environment regarding compliance with all  
21           applicable environmental standards and regulations.

22   **Q.   WILL THE TRANSACTION BE BENEFICIAL ON AN OVERALL BASIS**  
23   **TO STATE AND LOCAL ECONOMIES AND TO THE COMMUNITIES IN**  
24   **WHICH ITC GREAT PLAINS OPERATES (MERGER STANDARDS**  
25   **ORDER (c))?**

26  
27   A.   Yes. ITC Great Plains has always been actively engaged in the communities in  
28           which it operates and will continue to cultivate strong relationships with local

1 business and industry participants in Kansas. In addition, ITC Great Plains  
2 anticipates its operations will be bolstered by Fortis' track record of committing  
3 capital to its utilities. As part of the larger Fortis group of electric and natural gas  
4 utilities operating internationally in various regions of North America and the  
5 Caribbean and serving in diverse energy markets, ITC Great Plains will be able to  
6 draw on this stability, experience and market diversity to its advantage. Moreover,  
7 Fortis will continue to support ITC Great Plains' charitable commitments, including  
8 the ITC Charitable Giving Program, which focuses on areas such as education and  
9 environmental stewardship, which help to strengthen communities.

10 **Q. WILL THE TRANSACTION HAVE ANY IMPACT ON THE**  
11 **COMMISSION'S AUTHORITY TO REGULATE ITC GREAT PLAINS**  
12 **(MERGER STANDARDS ORDER (d))?**

13 A. No. The Commission will continue to have jurisdiction over the specific geographic  
14 territory in which ITC Great Plains operates in Kansas.

15 **Q. WILL THE TRANSACTION MAXIMIZE THE USE OF KANSAS ENERGY**  
16 **RESOURCES (MERGER STANDARDS ORDER (f))?**

17  
18 A. ITC Great Plains historically has worked closely with local business and industry  
19 participants in Kansas to facilitate further capital investment in transmission  
20 infrastructure, including in renewable energy development. ITC Great Plains'  
21 transmission projects have been instrumental in moving electricity from Kansas to  
22 large load centers. The Transaction will result in enhanced financial stability and a  
23 larger platform of available resources for ITC, which will assist ITC Great Plains in  
24 continuing to maximize Kansas energy resources.

1   **Q.    WILL THE TRANSACTION HAVE ANY IMPACT ON THE PUBLIC**  
2       **SAFETY (MERGER STANDARDS ORDER (h))?**

3    A.    No, the Transaction will not impact public safety because this upstream change in  
4           ownership will not impact ITC Great Plains' operations, including to comply with  
5           all applicable safety rules, regulations, and Orders of the Commission or other  
6           applicable regulatory authority.

7   **Q.    DO YOU BELIEVE APPROVAL OF THE TRANSACTION IS IN THE**  
8       **PUBLIC INTEREST?**

9    A.    For all the above reasons, ITC Great Plains believes that the Transaction is in the  
10          public interest and that it should be approved.

**V.    CONCLUSION**

11   **Q.    WHAT ARE YOU ASKING THE COMMISSION TO DO IN THIS**  
12       **DOCKET?**

13   A.    I am requesting that the Commission issue an order approving this application.

14   **Q.    DOES THIS CONCLUDE YOUR TESTIMONY?**

15   A.    Yes. Thank you.

**VERIFICATION**

STATE OF Michigan )  
 ) ss.  
COUNTY OF Wayne )

I, Linda H. Blair, being duly sworn, on oath state that I am the Executive Vice President and Chief Business Unit Officer For ITC Holdings Corp., that I have read the foregoing testimony and know the contents thereof, and that the facts set forth therein are true and correct to the best of my knowledge and belief.

By: Linda H. Blair  
Linda H. Blair

The foregoing pleading was subscribed and sworn to before me this May 9, 2016.

Sandra K. Biggar

Notary Public

My Commission Expires:

June 21, 2020

SANDRA K. BIGGAR  
NOTARY PUBLIC, STATE OF MI  
COUNTY OF WAYNE  
MY COMMISSION EXPIRES Jun 21, 2021  
ACTING IN COUNTY OF Oakland



## **Linda H. Blair**

**Executive Vice President,  
Chief Business Unit Officer and President, ITC Michigan**



Linda H. Blair is Executive Vice President and Chief Business Unit Officer for ITC Holdings Corp. In this role, she is responsible for leading all aspects of the financial and operational performance of the company's four regulated operating companies. Ms. Blair also serves as the President for ITC Michigan, which includes ITC *Transmission* and METC operating companies. In this role, she oversees ITC's regulated operating companies and business functions, including stakeholder relations, state legislative affairs, community and government affairs, philanthropy, and business unit capital, finance and rates. Previously, Ms. Blair served as Executive Vice President and Chief Business Officer where she was responsible for the company's regulatory, marketing and communications, federal, state and local government affairs, and human resource functions.

Ms. Blair was Manager of Transmission Policy and Business Planning for ITC when the organization was a subsidiary of DTE Energy. Prior to that role, she held a variety of positions at Detroit Edison including Manager, Regulatory Relations, where she was responsible for developing and managing regulatory and communications activities with the Michigan Public Service Commission and the Federal Energy Regulatory Commission.

Ms. Blair earned her MBA and bachelor's degree in Public Affairs Management from Michigan State University. She serves on the board of The Michigan Chamber of Commerce, and the Board of Trustees for Henry Ford West Bloomfield Hospital. She is a past member of the Department of Energy's Electricity Advisory Committee (EAC), the EAC's Transmission Subcommittee, past chair of The Heat and Warmth Fund, THAW, and past President of the Novi Parks Foundation.