

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

STATE CORPORATION COMMISSION

JUN 02 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. )  
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)

Docket No. 08-ITCE-936-COC

 Docket Room

**RESPONSE OF ITC GREAT PLAINS, LLC**  
**TO MAY 19, 2008 REPLY OF WESTAR ENERGY, INC.**  
**AND KANSAS GAS AND ELECTRIC COMPANY**

COMES NOW ITC Great Plains, LLC (ITC Great Plains) and responds to the May 19, 2008 Reply of Westar Energy, Inc. and Kansas Gas and Electric Company (collectively, Westar). ITC Great Plains believes this response to Westar's latest reply is warranted by the gravity of the issue at hand, and the inaccuracies sponsored by Westar. In an effort to focus this response on Westar's more egregious claims, ITC Great Plains will not attempt to address all pieces of the kitchen sink being thrown into the discussion by Westar in its latest reply. Nevertheless, failure to address a particular argument is not acquiescence to Westar's position. ITC Great Plains also refers the Commission to its May 8, 2008 response to Westar's motions in support of its position, and specifically points out that Westar's continuing claims with respect to consolidation and intervention are addressed in that May 8 response.

With respect to Westar's motions, the question to be answered is whether Westar can stop ITC Great Plains from seeking to amend its certificate by: 1) establishing conditions precedent, under its control, to ITC Great Plains filing an application; and 2) claiming a right of first refusal to the project at issue in this docket and all portions of the V-Plan. ITC Great Plains emphatically submits that the answer to this question is – and should be – no.

**I. PROGRESS TOWARD BUILDING NEEDED TRANSMISSION FACILITIES SHOULD NOT BE DELAYED AND THWARTED BY WESTAR'S MOTIONS.**

1. ITC Great Plains seeks to build three separate transmission projects in Kansas. Those three projects are part of the V-Plan, which is the Kansas portion of the broader X-Plan. 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 the project that will help harness wind potential and provide short and long-term investment in Kansas communities. (*See* press release attached hereto as Attachment A.) Further, 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. At issue in this case is whether ITC Great Plains' unique Certificate will be amended to accommodate this needed transmission construction project in Kansas. For its part, Westar is determined to prevent that question from even being asked, and to see that progress toward construction of those transmission facilities gets trapped under its thumb. Given Westar's latest reply, these tactics appear to be strategically motivated by its desire to slow down ITC Great Plains' efforts while Westar's new Prairie Wind LLC venture plays catch up. *See* Westar Reply, ¶¶ 4-5, p. 2. The Commission should reject these efforts and accordingly reject Westar's motions to intervene, consolidate and dismiss.

2. In its latest reply, Westar attempts to paint ITC Great Plains' application as "premature" by inventing procedures to prevent the Commission from addressing the substantive matter at hand. It also claims a "right of first refusal" over all portions of the V-Plan by ignoring the language of the Stipulation. Next it criticizes ITC Great Plains' project for being proposed as a 345 kV line, while ITC Great Plains has stated it is willing and able to build the facilities at 765 kV. Westar also tries to diminish SPP's actions regarding the portions of the V-Plan when in fact the V-Plan has been vetted through SPP's regional planning process and

included in the STEP, which has been approved by the SPP Board of Directors. These arguments raised by Westar are specifically addressed briefly below.

3. The State of Kansas enacted laws to promote electricity transmission infrastructure investment in the state, based on the recognized and overdue need for such investment. In 2006, ITC Great Plains established itself in Kansas and has been pushing to be a transmission company and build needed transmission infrastructure in Kansas. ITC Great Plains submits that its efforts have been a positive driving force in furthering the state’s policy toward electricity transmission infrastructure investment. This case involves the question of whether ITC Great Plains’ efforts will be allowed to translate into tangible construction of needed transmission facilities and implementation of the state’s policy. Particularly in this context, it is proper to allow this proceeding to move forward rather than dismiss it, and ultimately to amend ITC Great Plains’ Certificate to accommodate the needed facilities ITC Great Plains has proposed to build.

**II. WESTAR’S REQUESTED DISMISSAL IS NOT WARRANTED;  
THE ITC GREAT PLAINS CERTIFICATE “STIPULATION” IS NOT VIOLATED.**

4. Despite Westar’s continued overreaching contentions, ITC Great Plains’ application in this docket does not violate its Certificate. Westar cannot attach a right of first refusal to the project at issue in this docket. Moreover, a “waiver” of the right of first refusal is not a “condition precedent” to ITC Great Plains submitting the application in this docket.

5. The Stipulation defines “Affected Incumbent Transmission Owner” as “an Incumbent Transmission Owner that has facilities that would interconnect” with a project. Stipulation, ¶ 8, p. 2. The Stipulation further provides the following specific conditions related to a right of first refusal:

- a. ITC will construct only SPP Transmission Projects for which each Affected Incumbent Transmission Owner has declined to exercise its right of first refusal as provided herein. ...

- c. ITC agrees that each Affected Incumbent Transmission Owner shall have the right of first refusal to construct SPP Transmission Projects. ITC understands that in some situations, more than one Affected Incumbent Transmission Owner will have a right of first refusal to construct an SPP Transmission Project and that in such situations each such Affected Incumbent Transmission Owner shall have the right of first refusal to construct its portion of the SPP Transmission Project that connects to its transmission system.
- d. An Affected Incumbent Transmission Owner that has exercised its right of first refusal and accepted the obligation to build an SPP Transmission Project but has failed, after commercially reasonable efforts, to meet any in-service target date related to completion of such SPP Transmission Project or any part of such project shall not, as a consequence of such failure, forfeit its right of first refusal. However, any party to this Agreement may initiate proceedings at the Commission asserting that such forfeiture has or has not occurred.
- e. Once each of the Affected Incumbent Transmission Owners determines that it will not construct a particular SPP Transmission Project and ITC determines that it wishes to build such SPP Transmission Project, ITC will file an application with the Commission to amend its Certificate and obtain authorization from the Commission to construct, own and operate such SPP Transmission Project.

Stipulation, ¶ 11, p. 3.

**A. Westar Cannot Claim a Right of First Refusal Over the Project At Issue In This Docket, or Over The Entire V-Plan.**

6. The project at issue in this docket does not interconnect to Westar's facilities. Accordingly, Westar has no right of first refusal over it. Westar cannot change this flaw in its argument by calling the projects at issue in this and the 937 and 938 dockets "really one project," and claiming a right of first refusal over all of those portions of the V-Plan. In its May 8, 2008 response, ITC Great Plains explained the rationale for filing applications in this, the 937 and 938 dockets, which each relates to a transmission project.

7. In a scenario where more than one Affected Incumbent Transmission Owner exists, the Stipulation states that an Affected Incumbent Transmission Owner "shall have the right of first refusal to construct *its portion* of the SPP Transmission Project that connects to its

transmission system.” Stipulation, ¶ 11(c), p. 3. (Emphasis added.) While Westar attempts to confuse this issue by arguing that its construction efforts cannot be confined to its own retail service territory, Westar Reply, ¶ 8, p. 4, the point is that this language clearly limits the facilities over which Westar can claim a right of first refusal. Specifically, it only has a right of first refusal over the portion of the project at issue in the 938 docket which interconnects with its system. This point is recognized in the May 28, 2008 motion to intervene filed by Sunflower Electric Power Corporation (Sunflower) and Mid-Kansas Electric Company (MKEC), which states that those parties are Affected Incumbent Transmission Owners “as to those portions of the V-Plan that interconnect to Sunflower’s or MKEC’s facilities and traverse MKEC’s certified territory.” Sunflower and MKEC Intervention, ¶ 9, p. 6.

8. The Stipulation does not say that if an Affected Incumbent Transmission Owner declines to exercise its right of first refusal, then a different incumbent transmission owner can seize a right of first refusal over that portion of a project. Westar Reply, ¶ 7, p. 3. If that result were intended, the Stipulation would have required the multiple Affected Incumbent Transmission Owners to obtain rights of first refusal from each other. Instead, the Stipulation limits each of multiple Affected Incumbent Transmission Owners to a portion of the project; that is, the portion that connects to its transmission system. The portion of the V-Plan at issue in this docket does not connect to Westar’s transmission system; it connects to Sunflower’s transmission’s system. Westar’s claimed right of first refusal over the project in this docket, accordingly, must be rejected.

**B. A Right of First Refusal “Waiver” Is Not a Required “Condition Precedent” to ITC Great Plains Filing Its Application In This Docket.**

9. Westar argues that “[f]iling an application without first obtaining a waiver of the right of first refusal of the Affected Incumbent Transmission Owner is a violation of ITC’s certificate and of the Commission’s order approving it.” Westar Reply, ¶ 6, p. 3. Westar

invents its own process under which ITC Great Plains must wait and make no request to amend its Certificate until some explicit, formal “waiver” is issued by an Affected Incumbent Transmission Owner. Essentially, Westar seeks to install itself as one who must issue some kind of permit, as a “condition precedent,” before ITC Great Plains can seek an amendment to its Certificate and make progress toward building needed transmission infrastructure. Notably, this is a process that would give Westar the ability to control, delay and stop progress on needed projects.

10. Westar’s interpretation adds language to the Stipulation that does not exist. Nowhere in the Stipulation is a waiver required. Rather, the Stipulation states that an Affected Incumbent Transmission Owner can choose whether to decline to exercise its right of first refusal and more than one Affected Incumbent Transmission Owner may have a right of first refusal to construct its portion of an SPP Transmission Project. Stipulation, ¶ 11(a) and (c), p. 3. This certainly implies that ITC Great Plains has an obligation to ascertain an Affected Incumbent Transmission Owner’s interest in building a proposed project, which ITC Great Plains did before filing its application in this docket.

11. ITC Great Plains identified Sunflower as the Affected Incumbent Transmission Owner affected by the project at issue in this docket. Westar claims that it was informed by Sunflower that it did not waive its right of first refusal. Westar Reply at fn. 1, p. 3. ITC Great Plains agrees that Sunflower has not waived its right of first refusal, and recognizes the confirmation of that point by Sunflower in its intervention in this case. ITC Great Plains did not seek a waiver of a right of first refusal, because that waiver was not required.

12. As ITC Great Plains previously indicated in its May 8, 2008 response, before filing the application in this proceeding, it had discussions with Sunflower regarding its interest in building the project at issue in this docket. As Sunflower’s intervention states, Sunflower

made no commitments regarding construction of the project. To make progress toward building needed transmission facilities, ITC Great Plains then filed its application to amend its Certificate, and also served a copy of the application on Sunflower, the Affected Incumbent Transmission Owner. Accordingly, ITC Great Plains has complied with the terms of the Stipulation in a good faith effort to progress toward building transmission facilities that are important to Kansas.

13. ITC Great Plains noted in its May 8 response that its conduct in this case is consistent with the manner in which it received approval of its certificate amendment in Docket No. 08-ITCE-544-COC. Westar attempts to dismiss the relevance of that case by saying it's not "comparable". Westar Reply, ¶¶ 20-21, p. 8. The fact is that no "waiver" was sought or obtained prior to ITC Great Plains seeking to amend its Certificate in that case, and the case proceeded to be addressed and resolved on its merits. The same should occur in this case.

14. Contrary to Westar's misleading inferences suggesting otherwise, there is no formalized process that has been ordered by the Commission under the Stipulation or otherwise for an independent transmission company to follow when seeking to construct transmission in the state. Instead, in seeking to obtain the ability to invest in transmission infrastructure in Kansas, ITC Great Plains agreed to terms with Westar and other parties that apply conditions to ITC Great Plains' ability to amend its Certificate. ITC Great Plains' obligations are no different than any other party to a settlement. Compliance with settlement terms does not rise to the level of a formalized process, as suggested by Westar, particularly when the process described by Westar goes beyond the terms of the Stipulation. As stated above, Westar's invented process does not constitute a condition precedent under the Stipulation that prevents ITC Great Plains from seeking to amend its Certificate.

**C. Westar’s Interpretation of the Stipulation Stifles State Policy Encouraging Construction of Needed Transmission Infrastructure.**

15. The Stipulation resulted from ITC Great Plains’ desire to be able to invest in Kansas transmission infrastructure, and questions raised about how that would work. It provides a negotiated framework for how ITC Great Plains, as an independent transmission company, can support Kansas’ need for transmission investment. Westar’s reading and use of the Stipulation, however, would render the Stipulation meaningless, or worse, obstructionist. In its reply, Westar makes the inflated claim that it has the right to decide whether or not it will refuse to build all three portions of the V-Plan. Westar Reply, ¶ 7, p. 3.<sup>1</sup> In ancient Rome, “all roads lead to Rome.” Apparently in Kansas, “all lines lead to Westar.” Westar itself acknowledges that the west portion of the V-Plan, the portion at issue in this docket, connects to Sunflower. By Westar’s own reading of the Stipulation, Sunflower is an Affected Incumbent Transmission Owner. Yet because Sunflower’s transmission system interconnects at some point with Westar’s, that somehow confers an expansive right of first refusal on Westar for the entirety of the V-Plan. Westar’s interpretation would essentially ensure that ITC Great Plains would never have the right to construct transmission facilities in Kansas. ITC Great Plains does not believe that was the parties’ intent in negotiating the Stipulation or the Commission’s intent in granting the Certificate. Such an interpretation produces an absurd and anti-competitive result.

16. Further, Westar’s reading of the Stipulation would render the Stipulation unreasonably restrictive. ITC Great Plains contacted Westar to inquire as to its interest in building its portion of the V-Plan. Westar stated it would address its interest at the time ITC Great Plains filed its applications. Westar’s interest was addressed in its motion to intervene,

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<sup>1</sup> Of course, Westar’s argument only holds water if the Commission accedes to Westar’s request to substantively consolidate ITC Great Plains’ three certificate dockets. Westar recognizes that certain segments of the line interconnect with Sunflower’s facilities on the west. Westar’s April 25, 2008 Motion, ¶ 22, p. 10. Absent consolidation, Westar is unable to boot-strap its right of first refusal argument to the entirety of the line.



consolidate and dismiss. One of Westar's arguments is that it never waived its right of first refusal to participate in the project. ITC Great Plains is disturbed by Westar's actions on the one hand to refuse to give ITC Great Plains a response to its right of first refusal inquiry and then on the other hand to hold their own lack of response against ITC Great Plains claiming it failed to comply with the terms of the Stipulation. Such actions are at best hypocritical and obstructive and at worst undermine the state's clear policy favoring transmission development.

### **III. SPP PLANNING PROCESS.**

#### **A. Westar's Characterization of the SPP Planning Process Is Misleading.**

17. Westar seeks to have ITC Great Plains' application dismissed based in part on its statement that "SPP has not authorized ITC or anyone else to build the facilities." Westar Reply, ¶ 19, p. 8. While Westar wants to minimize SPP's actions to date regarding the projects contained in the V-Plan, it remains the case that the V-Plan has been included in SPP's regional transmission expansion plan, which was approved by the SPP Board of Directors in January, 2008.

18. ITC Great Plains has worked diligently to collaborate with SPP to advance the V-Plan within the SPP stakeholder process. To elaborate on ITC Great Plains' May 8 response, the following steps have occurred within the SPP stakeholder process to include the project in the STEP and facilitate the build out of transmission line.

a. Project Commitment - On July 16, 2007, ITC Great Plains provided a letter to SPP informing them of ITC Great Plains' intent to finance, construct, own and maintain the transmission line referred to as the Kansas V-Plan.

b. Project Analysis - SPP analyzed the project to determine any negative impacts to system reliability and/or any deferral of existing, planned reliability based system additions. No negative reliability impacts or project deferrals were identified.

c. STEP Authorization - On October 31, 2007, the SPP Board of Directors endorsed the Kansas V-Plan for inclusion in the SPP STEP and recognized ITC Great Plains as the project sponsor.

d. STEP Approval - On January 29, 2008, the Kansas V-Plan was approved by the SPP Board of Directors as part of the STEP.

e. Interconnection Review - On November 7, 2007, ITC Great Plains submitted the Kansas V-Plan to SPP for interconnection review. Review was completed and interconnection was approved at the May 14, 2008 SPP Transmission Working Group meeting.

19. Westar's claim in its reply that the V-Plan is not a "ripe" project, is undermined by its very next statement that its new joint venture is now starting to pursue a project that is not part of the SPP transmission expansion plan. Westar Reply ¶ 19, p. 8. ITC Great Plains acknowledges that SPP has not specifically authorized a particular entity to construct any portion of the V-Plan but fully expects proper authorizations to occur in due course as ITC Great Plains continues working through the SPP stakeholder process. For that reason, ITC Great Plains is seeking to amend its Certificate to accommodate the project at issue in this case. In any event, the fact that SPP has included the project at issue in the STEP cannot be diminished as an important milestone in completing the project. ITC Great Plains has been committed to advancing the projects contained in the V-Plan, including advancement within the SPP stakeholder process, and no other transmission building entity in Kansas has pursued those projects or is as far along as ITC Great Plains.

**B. Voltage Is Irrelevant for Purposes of ITC Great Plains' Instant Application.**

20. Westar argues that ITC Great Plains' proposed project will not facilitate the X-Plan due to its purported 345 kV construction. Westar Reply, ¶¶ 13-1, p. 6. Such an argument is

irrelevant. ITC Great Plains' commitment letter to SPP clearly states that ITC Great Plains is willing and able to construct its proposed projects to operate at 765 kV. The purpose of the instant application is to designate the building of a new transmission line from point A to point B. Stipulation, ¶ 11(e)(1), p. 3. In other words, it is only intended to establish a starting and ending point, not to determine voltage, specific engineering configuration or other details. However, while ITC Great Plains' applications were silent as to operating voltage or configuration, ITC Great Plains' commitment letter to SPP further states ITC Great Plains' intention to build the Kansas V-Plan at whatever voltage SPP determines is appropriate. (See commitment letter from ITC Great Plains to SPP attached hereto as Attachment B.)

#### **IV. CONCLUSION**

21. ITC Great Plains' instant response was initially necessitated by Westar's April 25, 2008 motion to intervene, consolidate and dismiss. ITC Great Plains responded to Westar's motion on May 8, 2008. Westar replied to ITC Great Plains' response on May 19, 2008. Without prompt Commission action addressing Westar's April 25 motion, ITC Great Plains envisions a never-ending merry-go-round of responses and replies to responses. ITC Great Plains believes Westar's motions are properly and completely pled before the Commission and are ripe for decision. ITC Great Plains urges the Commission to deny Westar's motion to intervene, consolidate and dismiss.

WHEREFORE, for the reasons set out in this response and its May 8 response, ITC Great Plains respectfully requests that the Commission: (1) deny Westar's motion to intervene for Westar's lack of standing; (2) deny Westar's motion to consolidate, instead recognizing the distinct aspects and affected parties of this and the other two of ITC Great Plains' applications to amend their certificate; (3) deny Westar's motion to dismiss; and (4) grant ITC Great Plains an amended certificate as requested.

Respectfully submitted,

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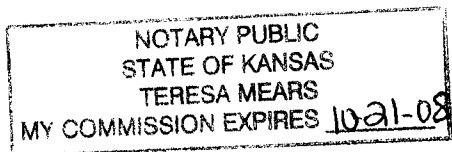
**VERIFICATION**

STATE OF KANSAS        )  
                                  ) ss.  
COUNTY OF SHAWNEE )

Susan B. Cunningham, being of lawful age and duly sworn, states that she has caused the foregoing Response of ITC Great Plains, LLC to May 19, 2008 Reply of Westar Energy, Inc. and Kansas Gas And Electric Company to be prepared, that she has read and reviewed the Response, and that the contents thereof are true and correct to the best of her knowledge and belief.

*Susan B. Cunningham*  
Susan B. Cunningham

Sworn to and subscribed before me this 2nd day of June, 2008.



*Teresa Mears*  
Notary Public

My commission expires: 10-21-08

**CERTIFICATE OF SERVICE**

A true and correct copy of the foregoing was served via U.S. Mail or hand-delivered on this 2<sup>nd</sup> day of June, 2008 as indicated to the following persons:

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**PRESS RELEASE  
FOR IMMEDIATE RELEASE**

**ITC Great Plains Expansion in Kansas Approved**

*Critical infrastructure expansion approved by SPP Board of Directors*

**Topeka, Kan., October 31, 2007** – Officials from ITC Great Plains LLC, a subsidiary of ITC Holdings Corp. (NYSE: ITC), were pleased to learn that the Southwest Power Pool's (SPP) Board of Directors approved ITC Great Plains' proposed 180-mile long transmission project (the Kansas V-plan) in the SPP Transmission Expansion Plan (STEP) yesterday during its scheduled quarterly planning meeting.

"Yesterday's action by the Southwest Power Pool Board of Directors is a significant milestone and is a key first step in moving the Kansas V-plan ahead. ITC Great Plains looks forward to continuing our work with the Governor, the Kansas Corporation Commission, the Kansas Electric Transmission Authority; the Kansas Legislature, Southwest Power Pool and the Federal Energy Regulatory Commission as well as environmental and other community stakeholder groups to bring the Kansas V-plan and other much-needed, critical infrastructure to fruition in Kansas," stated Carl Huslig, president of ITC Great Plains.

SPP is responsible for regional transmission planning and coordination in a multi-state area that includes all of Kansas. STEP is the regional planning process by which SPP plans and manages expansion of electric infrastructure.

"ITC Great Plains is committed to creating a robust regional electric transmission grid that will help balance electricity rates across the state by providing access to lower-cost or alternative generation resources to all Kansans," stated Huslig.

On July 19, 2007, ITC Great Plains announced its intent to construct, own, operate and maintain a 180-mile long high-voltage transmission line commencing in Spearville, Kansas, running southeast to Comanche County, Kansas where ITC Great Plains will construct a new switchyard before heading northeast to terminate just outside of Wichita, Kansas. The project is part of the Southwest Power Pool's X-Plan – labeled as such because it will form an "X" across southern Kansas, northern Oklahoma, and the panhandle of Texas.

"This is incredibly good news for our state – especially for Western and Central Kansas," said Governor Kathleen Sebelius. "These new transmission lines will help our



state harness wind potential and provide short and long-term investment in our communities.”

“ITC Great Plains believes additional high-powered transmission lines in Kansas supports the Governor’s and the Kansas Electric Transmission Authority’s vision for a robust transmission grid, advances the development of renewable energy, further ensures a reliable and secure transmission grid and will help spur economic development in Kansas;” Huslig further stated.

**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* and Michigan Electric Transmission Company, LLC (METC), ITC operates contiguous, regulated, high-voltage transmission systems in Michigan's Lower Peninsula serving a combined peak load in excess of 22,000 megawatts. ITC is also focused on new areas where significant transmission system improvements are needed through subsidiaries ITC Midwest, ITC Grid Development, ITC Great Plains and ITC Panhandle Transmission. For more information, please visit: <http://www.itc-holdings.com>. (itc-ITC)

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July 16, 2007

Mr. Carl Monroe  
Sr. Vice President and Chief Operating Officer  
Southwest Power Pool  
415 North McKinley  
Suite 800  
Little Rock, AR 72205-3020

Dear Carl:

Please accept this letter as an official request to include the project described below in the Southwest Power Pool Transmission Expansion Plan ("STEP").

**Project description:** Addition of a 345 kV transmission line from the existing Sunflower Electric Cooperative, Inc. Spearville 345 kV switchyard, terminating in the vicinity of the existing Westar Energy Wichita 345 kV switchyard. The line route will proceed out of the Spearville switchyard in the general direction of Woodward, OK to a point in southern Comanche county, Kansas which will be the proposed site of a future switchyard. The line will proceed from this point in a northeasterly direction toward the Wichita area. The line length is presently estimated at 180 miles. A current initial estimate places the cost of the project at approximately \$160 million, assuming 345 kV construction. However, ITC Great Plains will work with SPP to construct this project at 765 kV where prudent to do so. In addition, the current initial cost estimate is preliminary and likely will be adjusted based on the completion of detailed engineering design and future actual cost of material, labor, and other expenses.

ITC Great Plains hereby expresses its commitment to fund, construct, own and operate the Project upon and subject to the receipt of all appropriate regulatory approvals, including successful inclusion of the Project in the STEP, certificate and siting approvals from the Kansas Corporation Commission, appropriate ITC Great Plains transmission

**building the future**

Mr. Carl Monroe  
July 16, 2007  
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rate and other approvals from the Federal Energy Regulatory Commission ("FERC"), and any other appropriate regulatory approvals.

Subject to the completion of detailed engineering design, the Project is expected to be rated at a minimum of 1200 MVA with terminal equipment at 3000 amperes. ITC Great Plains will utilize its strategic partners to engineer and maintain the project. The primary partners on the project are anticipated to be Black & Veatch and Asplundh. The vendors for equipment and construction will be determined based on a competitive bid process.

ITC Great Plains expects to be compensated for electric transmission service provided over facilities constructed as part of the Project through an open access transmission tariff service rate, which must be approved by the FERC. That rate would be based on ITC Great Plains transmission-related costs and investments and is expected to be included in the tariff administered by SPP, which would functionally control those facilities as the regional transmission organization. ITC Great Plains understands that this Project would be eligible for any SPP-adopted or other FERC-approved regional cost allocation methodology for economic projects in SPP. ITC Great Plains anticipates constructing the Project using a combination of debt financing, which it anticipates raising through access to debt capital markets, and equity. By comparison, ITC Great Plains' parent company, ITC Holdings Corp., and both of its operating utility affiliates *ITC Transmission* and Michigan Electric Transmission Company LLC, all maintain investment grade credit ratings from both Standard and Poor's and Moody's credit services.

It is ITC Great Plains' present intention to place the Project in service in late 2010 or early 2011 if all regulatory and siting approvals are obtained in a timely manner. Please advise of SPP's disposition of this matter as soon as practicable. We look forward to working with you on this most important regional project.

Very Truly Yours,



Carl A. Huslig  
President  
ITC Great Plains