

**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- ITCE-512-ACQ
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.)	

**JOINT APPLICANTS' NOTICE OF CLARIFICATION REGARDING MERGER
STANDARDS**

ITC Great Plains, LLC ("ITC Great Plains"), on behalf of itself and its parent company ITC Holdings Corp. ("ITC Holdings"), together with Fortis Inc. and its subsidiaries, including FortisUS Inc. ("FortisUS"), ITC Investment Holdings Inc. ("ITC Investment") and Element Acquisition Sub Inc. ("Element," and along with Fortis Inc. FortisUS, and ITC Investment, "Fortis"), (collectively, Fortis and ITC Holdings are referred to herein as "Joint Applicants") hereby file this Notice of Clarification Regarding Merger Standards in response to the August 9, 2016 Order on Merger Standards issued by the Kansas Corporation Commission ("KCC" or "Commission).

1. On May 10, 2016, Joint Applicants filed a Joint Application requesting Commission approval of the acquisition by Fortis of ITC Holdings.

2. Though Kansas statutory law does not provide a specific standard through which mergers and acquisitions are evaluated, historically the Commission has approved mergers where the applicant or applicants demonstrate that the merger "will promote the public interest." Since

1991¹, the Commission has considered specific enumerated factors in determining whether the public interest is promoted by the proposed acquisition. In their Joint Application and supporting testimony, Joint Applicants comprehensively discussed the factors comprising the merger standards and demonstrated Joint Applicants' commitment to adhering to the merger standards by showing the proposed transaction to be in the public interest.

3. On August 9, 2016, the Commission issued an Order on Merger Standards in this proceeding ("August 9 Order"), reiterating the merger standards by which all pending merger dockets will be evaluated and affirming its desire to ensure consistent approaches for all pending dockets. In the August 9 Order, the Commission noted that in a 1999 merger order in Docket No. 97-WSRE-676-MER ("1999 Merger Order") the Commission made clear that the merger standards are to be supplemented by other considerations relevant to the unique facts and circumstances of each proposed merger.²

4. The merger standards set forth by the Commission in its August 9 Order generally mirror the merger standards by which the Joint Applicants filed their initial application, with one adjustment. Standard (c) is set forth in the August 9 Order as follows:

Whether the proposed transaction will be beneficial on an overall basis to state and local economies and to communities in the area served by the resulting public utility operations in the state. Whether the proposed transaction will likely create labor dislocations that may be particularly harmful to local communities, or the state generally, and whether measures can be taken to mitigate the harm.

¹ November 14, 1991 Order, Kansas Power & Light and Kansas Gas & Electric merger, consolidated dockets 172, 745-U and 174-155-U.

² August 9 Order at ¶ 4 (citing 1999 Merger Order).

5. The underlined language in standard (c) creates an additional or clarified standard by which the Commission will evaluate whether the proposed transaction is in the public interest: whether the proposed transaction will likely create labor dislocations that may be particularly harmful to local communities or the state generally. As explained in 1999 Merger Order, Staff requested that merger factor (c) be revised to include this additional language. The Commission, however, denied the request and stated, “[t]he Commission will not replace factor (c), but will adopt Staff’s suggested language as an additional area to be specifically addressed under factor (c).”³

6. As noted, concurrently with the Joint Application, on May 10, 2016 Joint Applicants filed the supporting testimony of Barry Perry, Karl Smith and Linda Blair.⁴ In his pre-filed testimony, Mr. Perry affirmatively stated that the Transaction will not result in job reductions at ITC Great Plains, and stated that Fortis has no plans to reduce employment at ITC or any of the ITC Utilities. Mr. Perry further noted that all future employment decisions post-closing will be made by local management as they are today.⁵ Ms. Blair also testified that the corporate structure and management of ITC Great Plains will remain unchanged after the Transaction is complete.⁶ Accordingly, the Joint Application is consistent with the directive in the 1999 Merger Order, as the Joint Applicants did not revise their description of factor (c), but specifically addressed the additional language in the supporting testimony.

7. Joint Applicants remain committed to demonstrating to the Commission that the proposed transaction is in the public interest and should be approved. In view of the

³ September 28, 1999 Order, Docket No. 97-WSRE-676-MER at ¶ 19.

⁴ The May 10, 2016 testimony of Ms. Blair was inadvertently filed as an incomplete version. Joint Applicants filed an errata and full copy of Ms. Blair’s testimony on May 18, 2016.

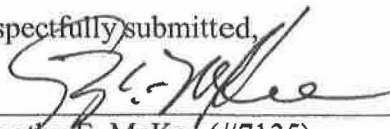
⁵ See, May 10 Direct Testimony of Barry V. Perry, at p. 20, lines 10-12 through p. 21, lines 1-5.

⁶ See, May 18 Direct Testimony of Linda H. Blair, at p. 6, lines 16-19.

Applicants hereby re-affirm that the transaction will not result in job reductions at ITC Great Plains or otherwise create labor dislocations.

WHEREFORE, Joint Applicants respectfully request that the Commission accept this notice whereby Joint Applicants re-affirm their commitment that no job reductions or labor dislocations will occur as a result of the Transaction, approve the Transaction, find that the Transaction meets the merger standards, and find the Transaction to be in the public interest, and request such other and further relief as the Commission may deem just and proper to accomplish the purpose of the Joint Application and permit the consummation of the merger transaction.

Respectfully submitted,



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VERIFICATION

STATE OF Missouri)
) ss.
COUNTY OF Jackson)

I, Anne E. Callenbach being duly sworn, on oath state that I am counsel for ITC Holdings Corp. and ITC Great Plains, LLC, that I have read the foregoing pleading and know the contents thereof, and that the facts set forth therein are true and correct to the best of my knowledge and belief.

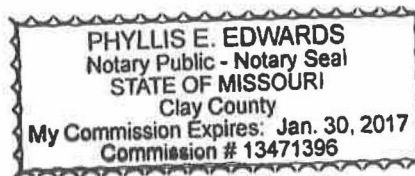
By: *Anne E. Callenbach*

The foregoing was subscribed and sworn to before me this August 22nd, 2016.

Phyllis E. Edwards
Notary Public

My Commission Expires:

1-30-17



CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above and foregoing pleading has been faxed, hand-delivered and/or mailed, First Class, postage prepaid, this August 22, 2016, to:

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