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FEDERAL ENERGY
REGULATORY COMMISSION

April 4, 2008

By Hand Delivery

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.,
Washington, D.C. 20426

**Re: Request of ITC Midwest LLC to Adopt Attachment FF Section III.A.2.d.3
International/METC of Midwest ISO, FERC Electric Tariff, Third Revised Volume
No. 1, Docket No. ER08-____-000**

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act¹ and Part 35 of the Commission's Regulations,² ITC Midwest LLC ("ITC Midwest") hereby submits an original and five copies of a proposed Attachment FF Section III.A.2.d.3 International/METC/ITC Midwest to the Midwest ISO's Open Access Transmission and Energy Markets Tariff ("EMT"), FERC Electric Tariff, Third Revised Volume No. 1.³

The purpose of this filing is to apply to ITC Midwest the currently effective Attachment FF Section III.A.2.d.3 International/METC, which governs the assignment of costs of Network Upgrades⁴ required in connection with new or upgraded generation interconnections to the International Transmission Company d/b/a/ ITC *Transmission* and Michigan Electric Transmission Company, LLC ("METC") transmission systems in Michigan. The proposed tariff changes will enable Interconnection Customers in the ITC Midwest zone to elect 100% reimbursement of the costs of Network Upgrades that meet the criteria specified in Attachment FF of the Midwest ISO EMT. Alternatively, such customers would be entitled to choose to apply the generally applicable 50% reimbursement policy for such Network Upgrades under the Midwest ISO EMT or any other cost allocation subsequently approved by the Midwest ISO for Network Upgrades.

¹ 16 U.S.C. § 824d.

² 18 C.F.R. § 35, *et seq.* (2007).

³ As the Administrator of the Midwest ISO Open Access Transmission and Energy Markets Tariff on file with the Commission, the Midwest Independent Transmission System Operator, Inc. ("Midwest ISO") joins in this filing to amend the tariff, but takes no position on the substance of the filing.

⁴ Capitalized terms not defined in this Transmittal Letter have the meanings provided in the Midwest ISO's EMT.

The proposed changes will not affect the allocation of Network Upgrade costs for pricing zones other than the ITC Midwest pricing zone. Applicants request that the Commission permit proposed Attachment FF Section III.A.2.d.3 International/METC/ITC Midwest to become effective one day after filing.

I. BACKGROUND

A. Description of ITC Midwest.

ITC Midwest is an independent, stand-alone transmission company organized in the state of Michigan and engaged exclusively in the transmission of electric energy in interstate commerce.⁵ By order issued December 3, 2007, the Commission authorized ITC Midwest to acquire the jurisdictional transmission assets of Interstate Power & Light Company (“IPL”).⁶ The acquisition was completed on December 20, 2007. The transmission assets of ITC Midwest include approximately 6800 miles of 34.5kV and higher transmission lines located primarily in Iowa, but also in Minnesota, Illinois and Missouri. ITC Midwest is an Appendix I Member of the Midwest ISO, and will execute the Midwest ISO Transmission Owners Agreement.⁷ Accordingly, transmission service using ITC Midwest facilities is provided by the Midwest ISO pursuant to the EMT.

Like *ITCTransmission* and METC, ITC Midwest is an operating subsidiary of ITC Holdings Corp., the only publicly-traded company devoted exclusively to construction, operation and ownership of electric transmission facilities. In *International Transmission Company, et al.*, 120 FERC ¶ 61,220 (2007), *reh’g pending*, Docket No. ER07-1141 (“*ITC/METC Order*”), the Commission accepted the proposed tariff sheets submitted by *ITCTransmission* and METC (Attachment FF Section III.A.2.d.3 International/METC) providing for 100% reimbursement of customers interconnecting to the *ITCTransmission* and METC systems for the costs of eligible Network Upgrades.⁸ In connection with the approval by the Minnesota Public Utilities Commission (“MPUC”) of the sale of IPL’s transmission assets in Minnesota to ITC Midwest, ITC Midwest committed to offer Interconnection Customers the same cost allocation policy approved by the Commission for qualifying Network Upgrades in the *ITCTransmission* and METC zones.

⁵ The independence of ITC Midwest was confirmed in *ITC Holdings Corp, et al.*, 121 FERC ¶ 61,229 (2007) at P 87.

⁶ *ITC Holdings Corp., et al.*, 121 FERC ¶ 61,229 (2007). The order also approved a formula rate for ITC Midwest pursuant to Attachment O of the Midwest ISO EMT.

⁷ The full name of the agreement is “Agreement of Transmission Facilities Owners to Organize the Midwest Independent Transmission System Operator, Inc., a Delaware Non-Stock Corporation” (FERC Electric Tariff, First Revised Rate Schedule No. 1)(hereinafter “Transmission Owners Agreement”).

⁸ The Commission also approved this 100% reimbursement policy for American Transmission Company LLC in *American Transmission Co., et al.*, 120 FERC ¶ 61,221 (2007), *reh’g pending*.

B. Description of the Midwest ISO's Attachment FF and Authorities for Filing.

On February 3, 2006, the Commission conditionally accepted the Midwest ISO's proposed tariff sheets governing the allocation and recovery of costs associated with new transmission projects and Network Upgrades within the Midwest ISO region, as proposed by the Regional Expansion Criteria and Benefits ("RECB") Task Force.⁹ The RECB tariff provisions are included in the Midwest ISO's EMT as Attachment FF. With respect to Network Upgrades required to implement generator interconnection requests, Attachment FF provides that Interconnection Customers would share the costs of Network Upgrades equally with Transmission Owners. The 50/50 cost split between Interconnection Customers and Transmission Owners applies if the output of the generator is committed by a contract of at least one year to serve Midwest ISO Network Customers, or the generator has been designated as a Network Resource at the time of Commercial Operation. According to Attachment FF, the 50/50 cost allocation applies to Generation Interconnection Projects that are not determined to be Baseline Reliability Projects or advancements of Baseline Reliability Projects.¹⁰

Attachment FF also provides that a Market Participant may elect to assume cost responsibility for Network Upgrades that are included in the Midwest ISO's Transmission Expansion Plan ("MTEP"). If the Market Participant is a Transmission Owner, such an election must be made on a consistent, non-discriminatory basis.¹¹ ITC Midwest, as an independent transmission company, is not a Market Participant.¹² However, consistent with the Commission's finding in Docket No. ER07-1141, ITC Midwest is "the type of entity that Attachment FF intended to permit the assumption of cost responsibility."¹³ Moreover, pursuant to Appendix K, Part E.1 of the Transmission Owners Agreement, "Filing Rights Pursuant to Section 205 of the Federal Power Act of the Owners and the Midwest ISO," ITC Midwest has "the full and exclusive right under FPA section 205 to submit filings with regard to transmission upgrades and new transmission facilities that affect only the rates within the applicable Transmission Owner's Transmission Tariff zones(s)."¹⁴ As approval of the tariff change proposed here would have no effect on rates outside the ITC Midwest zone, ITC Midwest has the right to make this filing.

⁹ *Midwest Independent Transmission System Operator, Inc.*, 114 FERC ¶ 61,106 (2006); *order on reh'g*, 117 FERC ¶ 61,241 (2006), *further order on reh'g*, 118 FERC ¶ 61,208 (2007); *Midwest Independent Transmission System Operator, Inc.*, 118 FERC ¶ 61,209 (2007), *further order on reh'g and compliance*, 120 FERC ¶ 61,080 (2007) *reh'g denied*, 122 FERC ¶ 61,127 (2008).

¹⁰ EMT Sheet No. 1844, Section d.

¹¹ EMT Sheet No. 1841, Section A.2.a.

¹² ITC Midwest's status as a fully-independent, stand-alone transmission company was confirmed by the Commission in *ITC Holdings Corp., et al.*, 121 FERC ¶ 61,299 at P 87.

¹³ *ITC/METC Order* at P 28.

¹⁴ Approved in *Midwest Independent Transmission System Operator, Inc.*, 110 FERC ¶ 61,380 (2005).

II. DESCRIPTION OF FILING

A. **Proposed Inclusion of ITC Midwest in Attachment FF Section III.A.2.d.3 International/METC.**

In this filing, ITC Midwest seeks authorization to reimburse Interconnection Customers for 100% of the cost of qualifying Network Upgrades required to interconnect a Generating Facility. The incremental cost of reimbursement for these Network Upgrades, beyond the cost of reimbursement that otherwise would be shared regionally or subregionally under Attachment FF, would be recovered from the ITC Midwest Pricing Zone pursuant to ITC Midwest's currently authorized Attachment O formula rates.

ITC Midwest seeks approval for the same reimbursement policy that the Commission approved for ITC *Transmission* and METC in Docket No. ER07-1141, and for American Transmission Company LLC in Docket No. ER07-1144. This reimbursement policy would implement the policy on responsibility for the costs of Network Upgrades required to interconnect new Generating Facilities that was approved by the Commission in Order No. 2003.¹⁵

Attachment FF Section III.A.2.d.3 International/METC/ITC Midwest would be available to all Generator Interconnection Projects for which ITC Midwest will be a signatory to the Interconnection Agreement under the terms of Attachments R or X of the EMT, executed after the filing of this application, and which otherwise comply with the eligibility requirements of Attachment FF. Specifically, an Interconnection Customer would be eligible to use Attachment FF Section III.A.2.d.3 International/METC/ITC Midwest if the Interconnection Customer has a contract of at least one year to serve Midwest ISO network customers, or if the associated generating facility is designated a network resource at the time of commercial operation. The Commission expressly approved these eligibility criteria for the ITC *Transmission* and METC systems in Docket No. ER07-1141.¹⁶ This Section III.A.2.d.3 International/METC/ITC Midwest would apply to existing Interconnection Customers that require Network Upgrades to accommodate increased plant capacity and to any new Interconnection Customers, unless the generator elects to use some other Midwest ISO-approved cost allocation method.

For all eligible Generator Interconnection Projects, ITC Midwest proposes to reimburse Interconnection Customers 100% of the amounts received for Network Upgrades under the terms of the Interconnection Agreement. Reimbursement, with interest, will occur within 90 days following the date the Generating Facility achieves Commercial Operation in

¹⁵ *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146 (2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160 (2004), *order on reh'g*, Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171, *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 (2005), *aff'd sub nom. National Association of Regulatory Utility Commissioners v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007), *cert. denied*, 552 U.S. ___ (Feb. 25, 2008). As the Commission observed in the *ITC/METC Order*, "In Order No. 2003 the Commission found that a 100% reimbursement policy for network upgrades is just and reasonable. We likewise find that the proposal of ITC and METC to adopt a 100% reimbursement policy is just and reasonable. As long-recognized by the courts, different rate proposals can be just and reasonable; there is no one correct method for calculating rates." *ITC/METC Order* at P 14 (footnotes omitted).

¹⁶ See *ITC/METC Order* at P 18.

accordance with the terms of the Interconnection Agreement and the requirements of Attachment FF.

As discussed above, proposed Section III.A.2.d.3 International/METC/ITC Midwest will apply to Generator Interconnection Projects for which ITC Midwest will be a signatory to the Interconnection Agreement under the terms of Attachments R or X of the EMT executed after the date of this filing, unless a generator elects to use some other Midwest ISO-approved cost allocation method. Currently, there are 54 projects for study in the Midwest ISO's generator interconnection queue that seek interconnection to ITC Midwest's system. Those projects include 48 renewable projects.

B. Reimbursing 100% of Costs for Qualifying Network Upgrades Necessary to Interconnect New Generation Facilities Under Proposed Section III.A.2.d.3 International/METC/ITC Midwest Will Not Result in a Greater Allocation of Costs to Other Regions or Rate Zones.

Proposed Attachment FF Section III.A.2.d.3 International/METC/ITC Midwest provides that amounts that are reimbursed to Interconnection Customers will either be recovered by ITC Midwest under its current cost recovery mechanism or be allocated to other transmission rate zones per regular Attachment FF procedures. Any amounts that are reimbursed to Interconnection Customers in excess of the reimbursement provided under Attachment FF will not be allocated on a regional or sub-regional basis using the Midwest ISO's Line Outage Distribution Factor Table (LODF) (described in Section III.A.2.c.i. of Attachment FF), but will be recovered under ITC Midwest's Attachment O rate. Thus, full reimbursement of generators by ITC Midwest pursuant to Section III.A.2.d.3 International/METC/ITC Midwest will not impose increased transmission costs on other Midwest ISO transmission pricing zones.

C. Authorizing ITC Midwest to Adopt Attachment FF Section III.A.2.d.3 International/METC Will Support Interconnection of New Generation to the ITC Midwest System, Particularly New Renewable Generation, for which the Cost of Network Upgrades is Significant.

1. There is a regional objective to increase renewable generation.

The states in which the ITC Midwest transmission system is located have adopted policies to encourage and/or require the generation of increasing amounts of electricity from renewable resources.

Legislation enacted in Iowa in 2007 mandated an Iowa "Plan for Energy Independence" ("Iowa Energy Plan").¹⁷ The first such plan, released in December 2007 by the Iowa Office of Energy Independence, sets forth a path toward achieving energy independence for the State of Iowa by 2025. Among other things, the plan seeks to encourage production of cost-effective, renewably-generated electricity in Iowa.¹⁸ Iowa already is the third leading state in the nation in

¹⁷ The Plan is available at: http://www.energy.iowa.gov/OEI/docs/Final_Plan.pdf.

¹⁸ In addition to the goals of the Iowa Energy Plan, legislation, Senate File 2071, introduced in the Iowa Senate in January 2008 would require electric utilities to produce or purchase at least 25% of their total annual Iowa retail

terms of generation of electricity from wind power, with 992 MW of installed capacity at the end of 2007 and an additional 383 MW planned or under construction. Iowa Energy Plan at p. 16.

The goals and strategies identified in the Iowa Energy Plan encourage the development and use of sustainable energy by “[creating] infrastructure to support distribution, transmission, and utilization of sustainable energy,” via activities including the development of “strategies to ensure that new energy technologies have access to mechanisms of transmission and distribution.” Iowa Energy Plan at pp. 9, 22. The need to improve interconnection procedures was identified in public input to the development of the Iowa Energy Plan. *Id.* at p. 31. Moreover, the Iowa Energy Independence Plan Information Report identified “the need to ensure that adequate transmission capacity exists to transmit wind-generated electricity to load centers” as an important factor in the future development of wind energy in Iowa.¹⁹

In Minnesota, renewable portfolio standard (“RPS”) legislation enacted in February 2007 requires that an increasing percentage of electricity sold to retail customers in the state be provided by renewable resources, beginning at 12% of retail sales in 2012 and increasing to 25% by 2025.²⁰ A November 2006 study concluded that the electric power system can accommodate the addition of wind generation to supply 20% of Minnesota’s retail electric sales if sufficient transmission investments are made.²¹ Interconnection to the transmission system has been identified as a primary potential barrier to further renewable energy expansion in Minnesota.²²

The Minnesota RPS legislation further requires Minnesota electric utilities to study and develop plans for transmission network enhancements necessary to meet the RPS standards, building on ongoing work in the state to address “geographically dispersed development patterns.”²³ According to the Renewable Energy Standards Report 2007, estimates of new wind generation needed to meet the RPS requirements in 2012 range from 1,030 MW to 1,830 MW;

electric sales from alternate energy production facilities or small hydro facilities by the end of 2025.

¹⁹ See State of Iowa, Office of Energy Independence, Energy Information Report, December 2007 at pp. 51-2, available at: <http://www.energy.iowa.gov/OEI/docs/EIPEnergyInformationReportFINAL.pdf>.

²⁰ See Minn. Stat. § 216B.1691 available at: <https://www.revisor.leg.state.mn.us/statutes/?id=216B.1691>. The statute establishes a higher RPS requirement for Xcel Energy. The measure also revised the state’s prior renewable energy objective, which now requires electric utilities to make good faith efforts to generate or procure sufficient renewably generated electricity to provide at least 1% of retail sales from renewable energy in 2005, increasing to 7% of sales in 2010.

²¹ See 2006 Minnesota Wind Integration Study Final Report, Volume I, at xxi, available at: http://www.uwig.org/windrpt_vol%201.pdf. The Wind Integration Study was requested by the Minnesota Legislature in connection with an examination of increasing wind capacity to 20% of Minnesota retail electric energy sales by the year 2020.

²² See “The Next Generation Energy Initiative: Minnesota’s Smart Renewable Standard,” a report by the Minnesota Department of Commerce at p. 12, available at http://www.state.mn.us/mn/externalDocs/Commerce/The_Next_Generation_Renewable_Energy_Objective_2007_012207111157_REO%20Report2007.pdf. The report analyzed the December 2006 proposal by Minnesota’s Governor to expand the state’s Renewable Energy Objective such that 25% of electricity would come from renewable resources by 2025.

²³ See Section 2 of 2007 MN S.B. 4, available at: <https://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=S0004.1.html&session=ls85>.

for 2025, estimates of needed new wind generation rise to between 4,940 MW and 6,800 MW.²⁴

Most recently, in November 2007, members of the Midwestern Governors Association signed the Energy Security and Climate Stewardship Platform for The Midwest 2007,²⁵ which establishes goals for 20 percent of electricity consumed in the Midwest region by 2020 to be provided from renewable resources, increasing to 25 percent by 2025 and 30 percent by 2030. The Platform calls for a multi-state transmission initiative to bring more wind energy and other renewable and low carbon electricity to Midwestern markets. The Platform also calls for the creation of a stable regulatory environment for renewable energy development in the region.

2. The authority requested here will support this regional objective.

New renewable and other generation necessary to respond to these and other policy initiatives in the region will need to be interconnected to the ITC Midwest system. The interconnection cost reimbursement policy proposed here is intended to facilitate such interconnections. The proposed tariff revisions will offer eligible Interconnection Customers connecting to the ITC Midwest system 100% reimbursement for Network Upgrades per the proposed revisions to Attachment FF. Alternatively, ITC Midwest will, on a nondiscriminatory basis, honor requests by interconnecting generators to enter into an interconnection agreement under the otherwise applicable provisions of the Midwest ISO EMT, e.g., the 50/50 reimbursement policy or such other interconnection cost allocation policies that the Midwest ISO may approve in the future.

The need for the interconnection policy proposed here was expressly embraced in the Minnesota proceeding to approve the sale of IPL's transmission assets to ITC Midwest. The MPUC approved the sale on December 18, 2007, subject to several conditions, including a requirement that ITC Midwest abide by the terms of an Offer of Settlement filed with the MPUC on December 12, 2007.²⁶ The Offer of Settlement provided, *inter alia*, that "ITC Midwest will offer Minnesota customers a choice of taking service under the Midwest Independent [Transmission] System Operator, Inc., . . . tariff or the FERC-approved ITC Midwest tariff."²⁷

²⁴ See the Renewable Energy Standards Report 2007, Gap Analysis at pp. 263-272 (http://www.minnelectrans.com/images/2007_Biennial_Report/Part%20I%20-%20Section%202.pdf). These estimates vary based on assumptions for demand side management and the capacity factor assigned to the wind generation. The estimates above include the amounts required for all retail suppliers in the state, including Xcel Energy, which is subject to higher RPS requirements. The full Report is available at: <http://www.minnelectrans.com/>.

²⁵ See <http://www.midwesterngovernors.org/resolutions/MGAPPlatform2.pdf>. The Governors of Iowa, Minnesota and Illinois were among the signatories to the resolution Establishing a Regional Electricity Transmission Adequacy Initiative. See Platform at pp. 29-30.

²⁶ The Minnesota Public Utilities Commission Order Approving Transfer of Transmission Assets, With Conditions ("MPUC Order"), was issued on February 7, 2008, and is available at: <https://www.edockets.state.mn.us/EFiling/ShowFile.do?DocNumber=4928313>. The order discusses ITC Midwest's commitment at pp. 15 and 36.

²⁷The Offer of Settlement filed in Minnesota explained this commitment as follows: "If an interconnecting generator in Minnesota prefers an interconnection arrangement under the Midwest ISO [EMT] other than the 100% reimbursement for network upgrade costs that ITC Midwest will seek authority to offer to interconnecting generators on its system, ITC Midwest will commit to allow for such an alternative interconnection arrangement on a nondiscriminatory basis." See Offer of Settlement filed in Minnesota PUC Docket No. E001/PA-07-540 by ITC

The instant filing is made in accordance with this condition and in furtherance of ITC Midwest's commitment.

In summary, the addition of ITC Midwest to Attachment FF Section III.A.2.d.3 International/METC is consistent with the Midwest ISO's Attachment FF, which allows Transmission Owners to elect on a non-discriminatory basis to assume the costs of Network Upgrades. While approval here of this 100% reimbursement will impose some additional costs in the ITC Midwest rate zone, these additional costs are appropriate given that Network Upgrades benefit all customers served by the system being upgraded. As the Commission found in the *ITC/METC Order*, "a network upgrade is considered part of the interconnected transmission system, benefiting all customers."²⁸ Moreover, this Network Upgrade reimbursement policy will encourage the interconnection of generation that is needed in Iowa, Minnesota and elsewhere in the region served by the ITC Midwest system. As the Commission recognized in the *ITC/METC Order*, ITC Midwest's proposal is supported by the recognized need for new generation in its pricing zone, and is a "reasonable approach to serving that need."²⁹ The proposed 100% cost reimbursement for Network Upgrades constructed by interconnecting generators also will "level the playing field" between generation constructed by incumbent utilities, which can recover the costs not reimbursed for such facilities from their retail customers through regulated retail rates, and independent generators, which have to absorb any such costs not reimbursed themselves. Finally, as the Commission indicated in the *ITC/METC Order*, if full reimbursement of Network Upgrades would be unjust and unreasonable in a particular case, the Commission retains the authority to address this upon complaint under Section 206 of the Federal Power Act.³⁰

The Commission has long recognized that "decisions regarding transmission cost allocation reflect the premise that '[a]llocation of costs is not a matter for the slide-rule. It involves judgment on a myriad of facts.'"³¹ Thus, the Commission has permitted different just and reasonable rate designs reflective of particular system characteristics and stakeholder input.³² Proposed Attachment FF Section III.A.2.d.3 International/METC/ITC Midwest will promote the interconnection of generating facilities, particularly renewable generating facilities, to the ITC Midwest system by returning to the policy articulated by the Commission in Order No. 2003: that customers, rather than generators, should pay for the costs of Network Upgrades—facilities which by their very definition benefit the transmission grid at large. Proposed Attachment FF

Midwest, IPL, the Minnesota Department of Commerce, the Midwest Municipal Transmission Group, Missouri River Energy Services and Wisconsin Public Power, Inc., as submitted on December 12, 2007, at page 9, n. 12. The Offer of Settlement is available via the MPUC edockets system, which is accessible at:

<https://www.edockets.state.mn.us/EFiling/search.jsp> in Docket Number 07 (year) 540 (number) (labeled Other-Revised Offer of Settlement and submitted on December 12, 2007). The MPUC Order required ITC Midwest to abide by all the commitments and terms and conditions of the Settlement Agreement. See MPUC Order at p. 36.

²⁸ *ITC/METC Order* at P 15.

²⁹ *ITC/METC Order* at P 25.

³⁰ *ITC/METC Order* at P 17.

³¹ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241 (2007) at P 559 (footnote omitted).

³² See, e.g., *PJM Interconnection, L.L.C.*, 119 FERC ¶ 61,063 (2007) at P 39 and cases cited therein.

Section III.A.2.d.3 International/METC/ITC Midwest is therefore consistent with or superior to both the Commission's pro forma OATT and the Midwest ISO EMT.

III. COMMUNICATIONS

All communications regarding this filing should be addressed to:

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Because this is a joint filing by the Midwest ISO and ITC Midwest, the Applicants request a waiver of the Commission's regulations to allow more than two names on the official service list. The asterisk indicates the persons to be designated on the service list.

IV. CONTENTS OF THE FILING

The contents of this filing are as follows:

- This Transmittal Letter;
- Exhibit 1 - Redlined revisions to currently effective Attachment FF Section III.A.2.d.3 International/METC (EMT Sheet Nos. 1849 through 1849.01); and
- Exhibit 2 - Clean revised sheets to Attachment FF Section III.A.2.d.3 International/METC/ITC Midwest (EMT Sheet Nos. 1849 through 1849.01).

V. REQUEST FOR WAIVERS AND EFFECTIVE DATE

Applicants request that the Commission permit proposed Attachment FF Section III.A.2.d.3 International/METC/ITC Midwest to become effective one day after filing, *i.e.*, April 5, 2008.

In reliance on the Notice Announcing New Combined Notice of Filings issued on May 13, 2005, the Midwest ISO has not included a Notice of Filing suitable for publication in the *Federal Register*, or a diskette containing the same, although these requirements remain listed in the Commission's regulations.

As required under Section 35.13(b)(7) of the Commission's regulations, ITC Midwest states that no expenses or costs included in this filing have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative or unnecessary costs that are demonstrably the product of discriminatory employment practices.

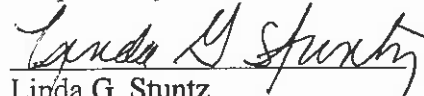
ITC Midwest and the Midwest ISO have served a copy of this filing electronically, including attachments, upon all Tariff Customers under the EMT, Midwest ISO Members, Member representatives of Transmission Owners and Non-Transmission Owners, the Midwest ISO Advisory Committee participants, as well as all state commissions within the Region. In addition, the filing has been posted electronically on the Midwest ISO's website at www.midwestmarket.org under the heading "Filings to FERC" for other interested parties in this matter.

VI. CONCLUSION

ITC Midwest and the Midwest ISO respectfully request that the Commission accept the proposed revisions to the Midwest ISO EMT and allow Attachment FF Section III.A.2.d.3 International/METC/ITC Midwest to be applicable to interconnection agreements executed with ITC Midwest after the date of this filing.

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Respectfully submitted,



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Counsel to ITC Midwest

April 4, 2008

Exhibit 1

**Redlined revisions to currently effective Attachment FF Section III.A.2.d.3
International/METC (EMT Sheet Nos. 1849 through 1849.01)**

consistent with Option 1 of this Section. The Interconnection Customer shall be entitled, pursuant to Section 46 of this Tariff, to any Financial Transmission Rights or other rights to the extent provided for under this Tariff, for any Network Upgrade costs funded by or charged to the Interconnection Customer and not subject to repayment under the provisions of this Section III.A.2.d. In the event that a Generator Interconnection Project defers or displaces a Baseline Reliability Project, the costs of the Generator Interconnection Project up to the costs of the deferred or displaced Baseline Reliability Project shall be allocated consistent with the cost allocation for the Baseline Reliability Project.

3) International Transmission/Michigan Electric Transmission Company/ITC Midwest LLC:

(a) For those Generator Interconnection Projects for which International Transmission Company, ~~or~~ Michigan Electric Transmission Company, LLC, or ITC Midwest LLC (“International” or “METC” or “ITC Midwest”) as Transmission Owners will be a signatory to the interconnection agreement under the terms of Attachment R or Attachment X of this Tariff or any successor provision of the Tariff

executed by the parties after the effective date of this Attachment FF Section III.A.2.d.3, this Attachment FF Section III.A.2.d.3 shall apply, except that, where ITC Midwest is the Transmission Owner, the Interconnection Customer may elect to have another approved methodology under Attachment FF Section III.A.2.d apply.

(b) Generation Interconnection Projects: The cost of Network Upgrades for Generation Interconnection Projects that are not determined by the Transmission Provider to be Baseline Reliability Projects shall be reimbursed by the Transmission Owner as provided in this Section III.A.2.d.3. All costs of Network Upgrades for Generation Interconnection Projects will initially be paid by the Interconnection Customer in accordance with the terms of the Interconnection Agreement entered into pursuant to Attachment R or Attachment X of this Tariff. To the extent the Interconnection Customer meets the requirements set forth in Section IIIA.2.d of this Attachment FF, the Interconnection Customer will receive one hundred percent (100%) reimbursement of reimbursable costs within ninety (90) days of the Commercial Operation Date.

Exhibit 2

**Clean revised sheets to Attachment FF Section III.A.2.d.3 International/METC/ITC
Midwest (EMT Sheet Nos. 1849 through 1849.01)**

consistent with Option 1 of this Section. The Interconnection Customer shall be entitled, pursuant to Section 46 of this Tariff, to any Financial Transmission Rights or other rights to the extent provided for under this Tariff, for any Network Upgrade costs funded by or charged to the Interconnection Customer and not subject to repayment under the provisions of this Section III.A.2.d. In the event that a Generator Interconnection Project defers or displaces a Baseline Reliability Project, the costs of the Generator Interconnection Project up to the costs of the deferred or displaced Baseline Reliability Project shall be allocated consistent with the cost allocation for the Baseline Reliability Project.

3) International Transmission/Michigan Electric Transmission Company/ITC Midwest LLC:

(a) For those Generator Interconnection Projects for which International Transmission Company, Michigan Electric Transmission Company, LLC, or ITC Midwest LLC (“International” or “METC” or “ITC Midwest”) as Transmission Owners will be a signatory to the interconnection agreement under the terms of Attachment R or Attachment X of this Tariff or any successor provision of the Tariff

executed by the parties after the effective date of this Attachment FF Section III.A.2.d.3, this Attachment FF Section III.A.2.d.3 shall apply, except that, where ITC Midwest is the Transmission Owner, the Interconnection Customer may elect to have another approved methodology under Attachment FF Section III.A.2.d apply.

(b) Generation Interconnection Projects: The cost of Network Upgrades for Generation Interconnection Projects that are not determined by the Transmission Provider to be Baseline Reliability Projects shall be reimbursed by the Transmission Owner as provided in this Section III.A.2.d.3. All costs of Network Upgrades for Generation Interconnection Projects will initially be paid by the Interconnection Customer in accordance with the terms of the Interconnection Agreement entered into pursuant to Attachment R or Attachment X of this Tariff. To the extent the Interconnection Customer meets the requirements set forth in Section III.A.2.d of this Attachment FF, the Interconnection Customer will receive one hundred percent (100%) reimbursement of reimbursable costs within ninety (90) days of the Commercial Operation Date.