

**BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION**

|   |   |                       |
|---|---|-----------------------|
| In the Matter of the Joint Application    | ) |                       |
| of Entergy Arkansas, Inc., Mid South      | ) |                       |
| TransCo LLC, Transmission Company         | ) |                       |
| Arkansas, LLC and ITC Midsouth LLC        | ) | File No. EO-2013-0396 |
| for Approval of Transfer of Assets and    | ) |                       |
| Certificate of Convenience and Necessity, | ) |                       |
| and Merger and, in connection therewith,  | ) |                       |
| Certain Other Related Transactions        | ) |                       |

EXHIBIT JLW-1

ITC'S POLICY ON INDEPENDENCE

**ITC HOLDINGS CORP.  
POLICY ON INDEPENDENCE**

**I. GENERAL POLICY**

International Transmission Company d/b/a *ITCTransmission*, Michigan Electric Transmission Company, LLC (“METC”), ITC Midwest LLC (“ITC Midwest”), and ITC Great Plains, LLC (“ITC Great Plains”) are independent transmission companies engaged exclusively in the development, construction, and ownership of transmission facilities.<sup>1</sup> The Midwest Independent Transmission System Operator, Inc. (“Midwest ISO”) operates the transmission facilities of *ITCTransmission*, METC and ITC Midwest in accordance with the Midwest ISO Open Access Transmission, Energy and Operating Reserve Markets Tariff (“Midwest ISO OATT”). The Southwest Power Pool (“SPP”) operates the transmission facilities of ITC Great Plains in accordance with the SPP Open Access Transmission Tariff (“SPP OATT”).

It is the policy of ITC Holdings Corp. (“ITC Holdings”) to safeguard and maintain the independence of *ITCTransmission*, METC, ITC Midwest and ITC Great Plains from Market Participants. ITC Holdings therefore adheres to this Policy on Independence.

**II. CORPORATE INDEPENDENCE**

**A. Definitions**

*Affiliate* has the meaning set forth in 18 CFR § 358.3(a) of the regulations of the FERC.

*Control* has the meaning set forth in 18 CFR § 358.3(a)(3) of the regulations of the FERC.

*Director* means any member of the boards of directors of ITC Holdings or any of its Affiliates.

*Employee* means any employee of ITC Holdings, *ITCTransmission*, METC, ITC Midwest or ITC Great Plains.

*Market Participant* has the meaning set forth in 18 CFR § 35.34(b)(2) of the regulations of the FERC.

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<sup>1</sup> *ITC Holdings Corp., et al.*, 102 FERC ¶ 61,182 (2003). *See also ITC Holdings Corp., et al.*, 111 FERC ¶ 61,149 (2005).

*Officer* means any employee of ITC Holdings or any of its Affiliates who holds a Director-approved position, typically Vice President and higher.

*Regional Transmission Organization* means the Midwest ISO, SPP, ISO New England, the New York ISO, PJM Interconnection, the Electric Reliability Council of Texas, or the California ISO.

**B. Market Participant Ownership of Securities in ITC Holdings Corp. is Restricted**

In order to protect the independence of ITC*Transmission*, METC, ITC Midwest and ITC Great Plains, the Articles of Incorporation of ITC Holdings restrict Market Participant ownership of ITC Holdings securities:

“First, ITC Holdings shall not issue shares of stock that would cause a market participant (or a group of stockholders containing a market participant) to beneficially own five percent or more of any class of ITC Holdings stock. Second, if a market participant (or a group containing a market participant) acquires five percent or more of any class of ITC Holdings stock, no market participant (or a group containing a market participant) may vote, give consent in respect of, or direct or control five percent or more of any class of ITC Holdings stock. Third, the Board of Directors of ITC Holdings shall be empowered to redeem shares so that a market participant (or a group containing a market participant) will not own five percent or more of any class of ITC Holdings stock.”<sup>2</sup>

ITC Holdings will inform the FERC within ten days if it receives notice from the U.S. Securities and Exchange Commission, a Market Participant, or a group including a Market Participant, that the five percent stock ownership level has been reached or exceeded.<sup>3</sup> If ITC Holdings has invoked one or more of the restrictions in its restated Articles of Incorporation to prevent a Market Participant’s ownership share from exceeding five percent, it will describe to FERC the action taken and its effect on the Market Participant’s ownership share.

**C. Obligation to Advise FERC of New Material Facts**

ITC Holdings will inform the FERC promptly of any material new facts that could affect the continued independence of ITC*Transmission*, METC, ITC Midwest or ITC Great Plains.

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<sup>2</sup> *ITC Holdings Corp., et al.*, 111 FERC ¶ 61,149 (2005) at P 15.

<sup>3</sup> *ITC Holdings Corp., et al.*, 111 FERC ¶ 61,149 (2005) at P 25.

### **III. EMPLOYEE INDEPENDENCE**

#### **A. No Interests in Market Participants**

1. Directors, Officers, and Employees shall have no direct financial interest in, or a financial conflict of interest with, any Market Participant or any Affiliate of any Market Participant.

ITC Holdings will require any consultant, contractor, and/or subcontractor to disclose any direct financial interest in any Market Participant or any Affiliate of any Market Participant, or any potential financial conflict of interest between ITC Holdings and any Market Participant or any Affiliate of any Market Participant. ITC Holdings may disqualify any consultant, contractor, and/or subcontractor based on such direct financial interest or potential financial conflict of interest.

Employees shall not benefit financially from any transaction with any Market Participant or any Affiliate of any Market Participant.

Employees and their immediate family members (spouses and minor children living in the same households) may not directly own securities issued by any Market Participant or any Affiliate of any Market Participant. Each Employee (and each immediate family member thereof) shall dispose of any securities in any Market Participant or any Affiliate of any Market Participant within six (6) months of the commencement of his/her employment with ITC Holdings. If an Employee (or any immediate family member thereof) receives a gift or inheritance of securities in any Market Participant or any Affiliate of any Market Participant, he/she must dispose of such securities within six (6) months of the date of receipt.

2. Nothing in this Policy on Independence shall be interpreted to preclude an Employee (or any immediate family member thereof) from indirectly owning securities issued by any Market Participant or any Affiliate of any Market Participant through a managed diversified fund or similar arrangement (other than a managed fund or arrangement specifically targeted towards the electric utility industry, or any segment thereof).
3. Participation in a pension plan of a Market Participant or an Affiliate of a Market Participant shall be deemed to be a permissible financial interest as long as such pension plan is a defined benefit or defined contribution pension plan that does not involve ownership of the securities of the Market Participant or Affiliate sponsoring such plan.

**B. Annual Verification of Compliance**

All Directors and Officers will annually certify in writing, by May 1<sup>st</sup> of each year, that they are in compliance with this Policy on Independence.