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 for Approval of Transfer of Assets and Certificate of Convenience and Necessity, and Merger and, in connection therewith, Certain Other Related Transactions	)))))))))))))))	**File No. EO-2013-0396**

DIRECT TESTIMONY AND EXHIBITS

OF

THOMAS H. WRENBECK

ON BEHALF OF ITC MIDSOUTH LLC

APRIL 2013

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EXHIBIT LIST

I. INTRODUCTION

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Thomas H. Wrenbeck. My business address is 27175 Energy Way, Novi, Michigan 48377.

Q2. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am Director of Regulatory Strategy for ITC Holdings Corp. ("***ITC***"). I am responsible for developing regulatory policies for ITC's operating subsidiaries: International Transmission Company ("***ITCT***"), Michigan Electric Transmission Company, LLC, and ITC Midwest LLC (collectively referred to as ITC's "***existing MISO operating subsidiaries***") and ITC Great Plains, LLC. This includes interacting with the Midwest Independent Transmission System Operator, Inc. ("***MISO***") and addressing matters related to the existing MISO operating subsidiaries' formula rates under Attachment O of the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff ("***MISO Tariff***"). I also support and direct ITC's stakeholder outreach and advocacy efforts, work on transmission pricing and rate design issues, and assist with government and legislative initiatives.

Q3. PLEASE STATE YOUR EDUCATIONAL BACKGROUND.

A. I received a Bachelor of Science Degree in Electrical Engineering from Lawrence Technological University in 1982. I also received a Master in Business Administration Degree from the University of Detroit in 1989.

Q4. HAVE YOU COMPLETED ANY OTHER COURSES OF STUDY?

A. Yes. I have completed several professional level training courses, including the Edison Electric Institute Advanced Rate Course and the Financial Accounting Institute Utility Finance and Accounting Course.

Q5. PLEASE BRIEFLY DESCRIBE YOUR EMPLOYMENT BACKGROUND.

A. In 1982, I began my employment with Detroit Edison Company ("Detroit Edison") where I worked in various engineering positions in the company's Relay and Process Control Computer areas. In 1990, I transferred to the Demand-Side Management group within the company's marketing department. In that department, I led and developed Detroit Edison's Demand-Side Management plans and programs.

In 1995, I transferred to Detroit Edison's Regulatory Affairs department. In that department, I was the company's Federal Energy Regulatory Commission ("***FERC***") Case Manager who managed the implementation of the company's first Open Access Transmission Tariff ("***OATT***") in FERC Docket No. OA96-78. I also became a transmission regulatory expert at Detroit Edison.

In 2002, I transferred to the International Transmission business unit within DTE Energy ("***DTE***"). After DTE divested itself of International Transmission Company in March of 2003, I began my employment with ITC as Manager of Regulatory Strategy. In 2006, I became Manager of Compliance and Training in the ITC Operations group and was responsible for Operations

Training and ensuring compliance with all applicable North American Electric Reliability Corporation Reliability Standards. In 2007, I became Manager, Stakeholder Relations at ITC and was responsible for all Stakeholder Relations activities, which includes communicating with, advocating for, and developing working relationships with all entities connected to the ITC transmission systems including investor-owned utilities, municipal utilities, electric cooperatives and large commercial/industrial customers. In 2008, I was promoted to my current position, Director of Regulatory Strategy, at ITC.

Q6. HAVE YOU PROVIDED TESTIMONY IN PRIOR PROCEEDINGS BEFORE STATE COMMISSIONS OR FERC?

A. Yes. In 1994, during my employment with Detroit Edison, I testified before the Michigan Public Service Commission ("***Michigan PSC***") in support of Detroit Edison's request to be awarded incentives by the Michigan PSC for its demand-side management programs. In July 2004, I submitted prepared testimony on behalf of ITCT in FERC Docket Nos. ER04-691-000 and EL04-104-000 regarding ITCT's role under Grandfathered Agreements relating to the Ludington Pumped Storage Generating Plant. I also have filed testimony in the FERC proceeding in Docket Nos. EC12-145-000, ER12-2681-000 and EL12-107-000 related to the transaction, as well as in regulatory proceedings related to the transaction in Texas, Mississippi, Arkansas, and Louisiana, and before the Council of the City of New Orleans.

II. PURPOSE OF TESTIMONY

Q7. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I am testifying on behalf of ITC Midsouth LLC. On December 4, 2011, Entergy Corporation and ITC entered into a definitive agreement under which Entergy Corporation will separate and then merge the electric transmission business of the Entergy Operating Companies[1] into ITC (the "ITC Transaction" or the "***Transaction***"). I will provide an overview of the formula rate, including an annual true-up adjustment, proposed for the new operating subsidiary of ITC, ITC Arkansas LLC ("***ITC Arkansas***"), that will own and operate the related Missouri assets. I also will summarize the formula rate protocols through which ITC Arkansas will share information with regulators and stakeholders regarding the annual formula rate projection and true-up adjustment. Next, I will describe how the formula rate will be implemented for ITC Arkansas in 2013 and 2014. Finally, my testimony will describe ITC's plans for outreach to stakeholders.

Q8. ARE YOU SPONSORING ANY EXHIBITS AS PART OF YOUR DIRECT TESTIMONY?

A. Yes. I am sponsoring **Exhibit THW-1**: Attachment O Formula Rate Timeline.

III. SUMMARY OF TESTIMONY

[1] The Entergy Operating Companies are Entergy Arkansas, Inc., Entergy Louisiana, LLC ("ELL"), Entergy Gulf States Louisiana, L.L.C. ("EGSL"), Entergy Mississippi, Inc., Entergy New Orleans, Inc. ("ENO"), and Entergy Texas, Inc.

Q9. PLEASE SUMMARIZE YOUR TESTIMONY.

A. ITC Arkansas, which will own and operate the Missouri transmission assets, will propose to use a formula rate under Attachment O of the MISO Tariff with a true-up adjustment. ITC Arkansas' formula rate will be implemented on a prospective basis, using a forecasted revenue requirement and projected load to develop the charges for transmission service that will be assessed each calendar year beginning on January 1. After the close of each rate year, the projected rate will be trued-up to ITC Arkansas' actual revenue requirement, with any true-up adjustment reflected in rates charged in the following calendar year. The process for posting on the MISO Open Access Same Time Information System ("***OASIS***") and reviewing the projected rate and true-up will be set forth in formula rate implementation protocols.

The ITC Arkansas Attachment O formula rate will be implemented upon closing of the Transaction. The charges for 2013 will be as discussed below in response to Question 25. As discussed below in response to Question 26, the ITC Arkansas projected rate that will be charged beginning on January 1, 2014, will be posted on or before November 1, 2013.

ITC emphasizes communication with regulators and stakeholders throughout the formula rate process. In addition, ITC's Stakeholder Relations team works continually with regulators and stakeholders to maintain open communications regarding transmission issues. Current plans call for designation of particular ITC employees to serve as points of contact for state regulatory issues and concerns.

IV. OVERVIEW OF THE FORMULA RATE

Q10. PLEASE PROVIDE AN OVERVIEW OF THE PROPOSED ATTACHMENT O FORMULA RATE.

A. The formula rate has two components. The first is the formula itself. The second component is the implementation protocols, which describe how the charges will be updated each year. The Attachment O rate template and accompanying protocols were filed at FERC in Docket No. ER12-2681-000 on September 24, 2012. A timeline showing the process for the projection, posting and true-up of the Attachment O rate is presented in my **Exhibit THW-1**.

Q11. HOW WILL THE ATTACHMENT O FORMULA RATE BE IMPLEMENTED?

A. ITC Arkansas will forecast its net revenue requirement and projected load for each calendar year by populating inputs to the Attachment O formula. The resulting projected revenue requirement is used to develop the transmission rates that will be charged on a calendar year basis beginning January 1. The projected revenue requirement will be trued-up using data from the FERC Form 1 for the applicable cost year once this data becomes available. ITC Arkansas will recalculate its Attachment O rates annually to account for changes in all forecasted elements of the rate.

Q12. PLEASE DESCRIBE GENERALLY HOW THE FORMULA WORKS.

A. The formula rate template uses traditional FERC cost of service ratemaking to develop an annual revenue requirement for ITC Arkansas. The gross annual revenue requirement is the sum of the return on rate base, operation and maintenance expenses, administrative and general expenses, depreciation expense, taxes other than income taxes, and income taxes. To derive net revenue requirements, revenue credits (such as rental income, point to point revenues, etc.) are subtracted from gross revenue requirements, and any true-up adjustment, plus interest, is reflected. Net revenue requirements are then divided by projected load (defined as the following year's average of the 12 monthly billing determinants for Network Integration Transmission Service) to calculate the Attachment O rate.

Q13. HOW IS THE TRUE-UP OF PROJECTED RATES UNDER ATTACHMENT O CALCULATED?

A. The true-up is calculated by comparing the revenues billed in any cost year, based on the projected transmission rate for the year, to the actual net revenue requirement for that year, calculated using FERC Form 1 data. Actual data from the FERC Form 1 are input into the Attachment O template to derive the actual revenue requirements for the cost year. The true-up captures the difference between the actual revenue collected based on projections of capital expenditures, operating expenses, administrative and general expenses, load, and other revenue requirement components, and the actual revenue requirement. The use of the

true-up ensures a proper matching of collected revenues to actual revenue requirements.

Q14. WILL INTEREST BE APPLIED TO THE TRUE-UP AMOUNT?

A. Yes. ITC has proposed to FERC that interest on the true-up amount be computed in the same manner as approved by FERC for ITC's existing MISO operating subsidiaries. Under this approach, FERC's refund interest rate as set forth in FERC's regulations[2] would be applied to over-recoveries. Interest on under-recoveries would be based on ITC Arkansas's cost of short-term debt, capped at the FERC interest refund rate. There is a deliberate asymmetry designed into the interest rate calculations which encourages companies with forward-looking Attachment O rates to forecast inputs to the rates as accurately as possible, thereby providing customer protections.

Q15. PLEASE DISCUSS THE TIMING AND PROCESS TO POST RATES AND HOW THE TRUE-UP FITS WITHIN THAT PROCESS.

A. In general, ITC's operating subsidiaries post their proposed rates on the MISO OASIS by September 1 of the preceding calendar year. These rates, subject to any adjustments made during the review period, are then implemented on January 1 of the year to which they relate and are in effect until December 31 of that year, or what I will call Year 1. After the end of Year 1, the true-up is measured and

[2] These regulations appear in the Code of Federal Regulations in 18 C.F.R § 35.19a.

posted in June of the following year, or Year 2, after the ITC operating subsidiaries file their FERC Form 1s. Any over-recovery or under-recovery measured by the true-up is subsequently included in rates either as additional revenue requirements or as credits to revenue requirements, as appropriate, in Year 3.[3] The specific protocols for ITC Arkansas, which will set forth the elements of this process, are described below.

[3] *See* **Exhibit THW-1**.

V. FORMULA RATE IMPLEMENTATION PROTOCOLS

Q16. WHAT ARE FORMULA RATE IMPLEMENTATION PROTOCOLS?

A. Under the MISO Tariff, protocols generally provide the parties paying formula transmission rates with notice of and opportunities to review these rates annually, before the rates take effect. Protocols set forth the timing and procedures for 1) making annual rate projections, 2) providing those projections to regulators and stakeholders for review, and 3) communicating with customers, regulators and all interested parties regarding the inputs to the rate formula and resulting charges, and the true-up of projected rates to actual revenue requirements.

Q17. WHAT FORMULA RATE IMPLEMENTATION PROTOCOLS WILL ITC ARKANSAS USE?

A. ITC Arkansas is seeking FERC approval of protocols based on those approved for and used by ITC's existing MISO operating subsidiaries. These protocols provide for information on each year's formula rate to be provided to regulators and stakeholders. They also expand on previously approved MISO protocols by formalizing and incorporating the structured ITC "Partners in Business" processes used successfully by ITC's existing MISO operating subsidiaries to maintain regular and frequent communication with regulators, customers and other stakeholders regarding rates. The timeline presented in **Exhibit THW-1** illustrates this information-sharing process.

Q18. HOW WILL THIS COMMISSION AND STAKEHOLDERS OBTAIN INFORMATION ON THE ITC ARKANSAS RATES UNDER THE PROPOSED PROTOCOLS?

A. By September 1 of each year, ITC Arkansas will make available to the Missouri Public Service Commission ("MoPSC" or the "Commission") and to stakeholders its projected net revenue requirements and the rates that will become effective on the following January 1. The rate projections will be posted on the MISO OASIS for review. Rate information provided will include projected costs of plant in forecasted rate base, in-service dates of projects, and projected load. All inputs will be provided in sufficient detail to identify the components of the company's net revenue requirements. MISO performs its review of the information posted and if updates are necessitated by changes in the formula rate templates, errors found during the review process, or other revisions needed to make the projected rates as accurate as possible, then the updated formula rate information will be posted as described in the timeline in my **Exhibit THW-1**.

ITC Arkansas will invite the Commission and stakeholders to a customer meeting, to be held by October 30, at which the formula rate projections and cost details will be explained. A dedicated ITC staff member will be the point of contact to allow anyone to ask questions and receive answers after the meeting about any of the information presented at the meeting. I should also note that ITC's current plans call for designation of particular ITC employees to serve as points of contact for state regulatory issues and concerns.

From October through November, ITC Arkansas will respond to all questions received regarding the formula rate. The answers to questions submitted will be posted on the MISO OASIS and sent via email to all customer meeting attendees. While the timing set forth here is specifically applicable to the formula rate review process, ITC personnel will be available at any time throughout the year to respond to inquiries from this Commission and stakeholders. ITC's stakeholder relations approach is discussed below in Section VII. Any adjustments to the projected rates resulting from the review process also will be posted on the MISO OASIS, as described in my **Exhibit THW-1**.

New rates will take effect under the ITC Arkansas formula rate on January 1. By June 1 of each year, the true-up adjustment, calculated as provided in the protocols, will be posted on the MISO OASIS. The true-up adjustment compares the revenue collected via the projected rate for the prior rate year to the actual costs incurred, as reflected in the FERC Form 1. ITC Arkansas will provide an explanation of the true-up adjustment on an as-requested basis to this Commission and stakeholders. Following the posting of the true-up information an ITC staff member will be provided to allow anyone to ask questions about the true-up information and to provide answers thereto. All answers to questions submitted will be posted on the MISO OASIS.

Q19. YOU HAVE TESTIFIED THAT THE 'PARTNERS IN BUSINESS' PROCESS FOLLOWED BY ITC'S EXISTING MISO OPERATING SUBSIDIARIES WILL BE INCORPORATED INTO THE ITC ARKANSAS PROTOCOLS. HAS THE PARTNERS IN BUSINESS PROCESS PROVIDED OPPORTUNITIES FOR REVIEW OF, AND OPEN AND ONGOING COMMUNICATION REGARDING, ITC'S MISO OPERATING SUBSIDIARIES' FORMULA RATES?

A. Yes. ITC's existing MISO operating subsidiaries believe this process has resulted in constant, open communication channels regarding not only rates but also system conditions, ITC's investment in transmission plant and new project plans, reliability issues and ITC's overall approach to improving the transmission system. This open dialogue and information exchange with regulators and stakeholders increases understanding of the formulation of rates under Attachment O and the transparency of the resulting transmission rates.

VI. IMPLEMENTATION OF THE FORMULA RATE

Q20. WHEN WILL THE ATTACHMENT O FORMULA RATE BE IMPLEMENTED FOR ITC ARKANSAS?

A. The formula rate will be effective upon closing of the Transaction.

Q21. HOW WILL THIS BE ACCOMPLISHED IF THE TRANSACTION CLOSES BEFORE EAI IS FULLY INTEGRATED INTO THE MISO MARKET?

A. Working with MISO, ITC and Entergy Corporation have developed an integration plan that will enable MISO to assume functional control of the ITC Arkansas transmission system and become the Transmission Provider upon closing of the Transaction. The key components of this plan are:

1. ITC Arkansas will sign the MISO Transmission Owner Agreement and become a MISO Transmission Owner immediately following the close of the Transaction.
2. Transmission services will be provided by MISO as the Transmission Provider, pursuant to the MISO Tariff and a new, temporary Module B-1 to the MISO Tariff containing transitional provisions. MISO filed the new Module B-1 with FERC on September 24, 2012 in FERC Docket No. ER12-2682.
3. ITC Arkansas also will sign an "Appendix I Agreement" with MISO, which was filed with FERC for approval on September 24, 2012 in FERC Docket No ER12-2681. Appendix I is a section of the Transmission Owner Agreement that provides for certain additional operational responsibilities to be delegated by MISO to independent transmission companies, such as ITC Arkansas. MISO will remain the sole provider of transmission service and administrator of the MISO Tariff.

4. Under the Appendix I Agreement, ITC Arkansas will perform certain delegated functions on behalf of MISO.

Q22. HOW WILL TRANSMISSION SERVICE BE PROVIDED TO EAI AND THE ENTERGY OPERATING COMPANIES?

A. As was described in the filing MISO made at FERC, MISO will have functional control of the transmission assets and will be the Transmission Provider after closing. EAI and the other Entergy Operating Companies will continue to be network transmission customers, now under the MISO tariff. There will be no change in priority of service as the result of the Transaction, nor are there any process changes that could materially affect transmission service.

For the period in 2013 following the change in ownership of the transmission facilities, but prior to full integration of EAI's and the other Entergy Operating Companies' generation facilities into the MISO market, MISO will grant transmission service over current MISO facilities and the new ITC Arkansas facilities using a coordinated approach for evaluation and approval of transmission service requests under Module B-1 of the MISO Tariff. The Entergy OATT will be retired, and certain limited elements of the Entergy OATT that must be retained until market integration will be incorporated into Module B-1. Under Module B-1, the existing Entergy Additional Flowgate Capacity ("AFC") methodology for Short Term transmission service requests will be used for evaluating transmission capacity on the New ITC Operating Companies' system. The study methodology for Planning Re-dispatch will not change, Conditional Firm Service will continue to be available, and the same Source Sink

Transmission Service Request submission as provided for under the Entergy OATT today will apply as part of MISO's Module B-1 process.

After EAI and the other Entergy Operating Companies are in the MISO market, for 2014 and going forward, Transmission Service Requests will be made through the MISO OASIS pursuant to the standard provisions of Module B of the MISO Tariff.

Q23. HOW WILL TRANSMISSION SERVICE BE PROVIDED TO CURRENT EAI TRANSMISSION CUSTOMERS?

A. Transmission Customers will apply for service through the MISO OASIS. For the period in 2013 following the change in ownership of the transmission facilities but prior to full integration of EAI's and the other Entergy Operating Companies' generation facilities into the MISO market, MISO will grant transmission service under Module B-1 of the MISO Tariff. Under Module B-1, MISO will process all requests for transmission service; the existing Entergy AFC methodology for Short Term transmission service requests will be used for transmission capacity evaluation on the New ITC Operating Company systems. The study methodology for Planning Re-dispatch will not change, Conditional Firm Service will continue, and the same Source Sink Transmission Service Request submission requirements as provided for under the Entergy OATT today will apply as part of MISO's Module B-1 process.

After EAI and the other Entergy Operating Companies are in the MISO market, for 2014 and going forward, transmission service requests will be made

through the MISO OASIS pursuant to the standard provisions of Module B of the MISO Tariff.

ITC, EAI, and MISO jointly will brief and provide training sessions to customers prior to closing to assure a seamless transition.

Q24. WHAT HAPPENS TO TRANSMISSION SERVICE REQUESTS AND GENERATOR INTERCONNECTION REQUESTS IN THE QUEUE AT THE TIME OF CLOSING?

A. Pending transmission service requests and new load interconnections would be processed under Module B-1 of the MISO Tariff and will follow the MISO process for handling these requests. All new load and generator interconnection requests and long-term transmission service requests in need of a transmission upgrade will use the MISO Tariff procedures under the provisions of Module B of the MISO Tariff. Already-pending generator interconnection requests will be moved to the MISO generator interconnection process. Entergy has used a "first in, first out" approach for processing generator interconnection requests. MISO on the other hand has adopted the "first ready, first served" approach. Under the MISO Tariff, readiness is measured by "cash at risk." To transition pending requests from the Entergy approach to the MISO system, interconnection requestors will be given 90 days after being informed of this change to 1) meet the "cash at risk" requirement applicable to their project under the MISO Tariff, or 2) sign their interconnection agreement. Customers not choosing either of these options will revert to the beginning of the interconnection process.

Q25. HOW WILL THE RATE TO BE CHARGED BY ITC ARKANSAS BETWEEN THE CLOSING DATE AND JANUARY 1, 2014 BE DETERMINED?

A. By June 1, 2013, EAI will complete a MISO Attachment O formula rate template using data from the 2012 FERC Form 1 filed by EAI and will post this information on the MISO OASIS. The resulting rate will be charged by ITC Arkansas between closing and January 1, 2014, subject to a true-up that would be calculated in 2014 based upon the difference between ITC Arkansas's revenue requirement, as calculated under the ITC Arkansas Attachment O, and the actual revenues collected. This true-up amount would be added (or credited) to the projected revenue requirement to be collected in 2015.

Q26. HOW WILL THE FORMULA RATE BE IMPLEMENTED FOR 2014?

A. Because of the uncertainties around the timing of regulatory approvals for the Transaction, the exact timing of the posting of the 2014 ITC Arkansas projected rate cannot be determined at this time. ITC Arkansas commits to posting the projected rate that will be charged beginning on January 1, 2014, on or before November 1, 2013. The projected rate will be based on ITC Arkansas' forecasted revenue requirement and projected load, as determined through use of the Attachment O formula rate template.

VII. STAKEHOLDER OUTREACH

Q27. PLEASE DISCUSS ITC'S ORGANIZATION FOR STAKEHOLDER RELATIONS.

A. The ITC operating subsidiaries each have a Stakeholder Relations team led by a Manager, with Senior Account Representatives and/or Account Representatives that are responsible for being the liaison between ITC and any stakeholder interconnected at transmission level voltages. These stakeholders include municipal and cooperative utilities, investor-owned utilities, large retail customers connected at transmission level voltages and independent generators. Specific points of contact will be identified for stakeholders, and for this Commission, regarding rate-related issues, and dedicated ITC staff will be in place to address state regulatory issues and concerns.

Q28. PLEASE DESCRIBE ITC'S COMMITMENT TO STAKEHOLDER OUTREACH.

A. The Stakeholder Relations group is dedicated to communicating with and on behalf of entities taking service from ITC transmission assets. Stakeholder Relations group members meet proactively with stakeholders to identify needs. Group members then act as advocates for stakeholders to ensure that actions to address those needs are promptly developed and implemented. Additionally, the Stakeholder Relations group provides appropriate communications concerning planned and unplanned outages, new load growth, reliability issues, power

quality, load and generation interconnection, and regional transmission planning activities.

Annual goals for Stakeholder Relations include having face-to-face meetings at stakeholder facilities. These meetings provide stakeholders with an opportunity to address issues associated with their interconnected facilities, discuss any safety and security concerns at their facilities and identify opportunities for system improvements. Stakeholder Relations works to respond to any stakeholder request within 24 hours and to resolve any customer issue by a negotiated deadline. As part of the "Partners in Business" process referenced above we hold semi-annual meetings open to any and all stakeholders interested in learning about ITC activities. Additionally, Stakeholder Relations works collaboratively with industry associations for industrial, municipal, cooperative, economic development and generation to assure they have a single point of contact for any electric transmission issue.

Q29. HOW ARE STAKEHOLDER INTERESTS CAPTURED IN THE SYSTEM PLANNING PROCESS?

A. Stakeholder Relations meets with entities connected or connecting for the first time to ITC transmission assets to identify the entities' needs from the project, for example, for load growth or new generator interconnection. The Stakeholder Relations team is then responsible for making sure that any stakeholder request is addressed properly and for coordinating with the stakeholder throughout the duration of the project.

Q30. ARE STAKEHOLDERS INVOLVED IN AND KEPT INFORMED REGARDING CONSTRUCTION ACTIVITIES?

A. Yes. Stakeholders are kept informed through the Stakeholder Relations group, which is involved in identifying the need for projects, communicating the needs through the planning and design process and participating in project management meetings throughout the duration of a construction project. As noted above, Stakeholder Relations is the single point of contact and the stakeholder advocate during all stages of construction projects, from beginning through completion.

Q31. HAS THE STAKEHOLDER RELATIONS GROUP RESPONDED TO STAKEHOLDER RELIABILITY ISSUES?

A. Yes. The Stakeholder Relations group has developed a comprehensive review process known as the "power quality initiative" that is initiated upon either the request of a stakeholder that has experienced reliability issues, or upon the Stakeholder Relations group realizing that frequent system events have affected a stakeholder. The power quality initiative brings together a cross-functional group of ITC employees (from operations, planning, maintenance, etc.) to perform a thorough analysis of the transmission system in the area where the stakeholder is located. This involves analyzing the historical performance records of the surrounding transmission lines, verifying that all maintenance has been performed and no known maintenance issues are currently present, and considering the need

for additional improvements to the system to reduce the likelihood of a system event impacting the stakeholder.

Once completed, the analysis and review is presented to the stakeholder and mutually agreeable action items are developed for implementation. Actions ITC has taken as a result of the power quality initiative range from special climbing inspections of transmission towers, including the insulators and lightening shield wire/clamps, to wrapping of wood pole transmission towers with aluminum shields to prevent animals from crawling up the wood pole and interfering with the transmission line. As another example, for a generator forced to reduce its output if the transfer-trip protection scheme was not in service, ITC replaced a trouble-prone telephone communication line with a more reliable radio-based communication system.

Q32. HOW WILL STAKEHOLDER RELATIONS BE MANAGED FOR ITC ARKANSAS?

A. The Stakeholder Relations team will have both management and account representatives regionally located to provide appropriate support and communications for stakeholders in Missouri.

Q33. WILL ITC MAINTAIN A DEDICATED POINT OF CONTACT FOR STATE REGULATORS IN MISSOURI?

A. Yes. As I discussed above, current plans call for designation of particular ITC employees to serve as points of contact for state regulatory issues and concerns.

Q34. DOES THIS CONCLUDE YOUR PREPARED TESTIMONY?

A. Yes.