

May 7, 2013

Burl W. Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East, Suite 350  
St. Paul, Minnesota 55101

RE: Letter from the Minnesota Department of Commerce, Division of Energy Resources (DOC or the Department) regarding ITC Midwest LLC's Compliance Filing and Request for Finding of Compliance with Construction Commitments  
Docket Nos. ET-6675/CI-11-1178 and E001/PA-07-540

Dear Dr. Haar:

On February 7, 2008, the Minnesota Public Utilities Commission (MPUC or the Commission) issued its *Order Approving Transfer of Transmission Assets, With Conditions* in Docket No. E001/PA-07-540 (Transfer Order). The Transfer Order required ITC Midwest to abide by the commitments and other terms and conditions set out in the December 12, 2007 Offer of Settlement (Settlement Agreement) and other commitments made during proceedings before the Commission. One of ITC Midwest's commitments was to construct the Salem-Lore-Hazelton 345 kV transmission line by December 31, 2011 assuming it was able to secure necessary legal and regulatory approvals. According to the Settlement Agreement, if ITC Midwest failed to satisfy this commitment, and such failure was not due to circumstances beyond its control, ITC Midwest must discount the return on equity (ROE) component of its formula rate and make refunds.

On December 1, 2011, ITC Midwest filed its Status Report in Docket No. E001/PA-07-540 stating that the Salem-Hazelton Project would not be completed by December 31, 2011, due to unanticipated delays beyond its control. Instead, ITC Midwest stated that the project would be completed by the first half of 2013.

In its May 15, 2012 Order in Docket No. ET-6675/CI-11-1178, the Commission decided not to invoke the penalty provisions of the February 7, 2008 Order at that time, but took immediate action to strengthen its ability to monitor ITC Midwest's management of transmission facilities affecting Minnesota ratepayers and ITC Midwest's compliance with the requirements of the February 7, 2008 Order. The Commission established reporting requirements to ensure that Minnesota regulators and stakeholders are fully informed of any future delays in or changes to projects deemed critical under the February 7, 2008 Order.

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On April 29, 2013, ITC Midwest submitted the instant petition, pursuant to the Commission's May 15, 2012 Order. According to ITC Midwest, the Salem-Hazelton Project was completed and placed in service on April 25, 2013. As a result, ITC Midwest asked that the Commission find that the Company has complied with its construction commitments and confirm that the financial penalties provided for in the Commission's February 7, 2008 Order do not apply.

The Department reviewed ITC Midwest's compliance filing. Based on our review, the Department concludes that ITC Midwest has met its construction commitments identified in the Commission's February 7, 2008 Order. As a result, the Department recommends that the Commission find that the Company has met its construction commitments and confirm that the financial penalties provided for in the Commission's February 7, 2008 Order do not apply.

Sincerely,

/s/ MARK A. JOHNSON  
Financial Analyst

MAJ/jl

## **CERTIFICATE OF SERVICE**

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce  
Letter**

**Docket No. ET6675/CI-11-1178 and E001/PA-07-540**

Dated this 7<sup>th</sup> of May, 2013

**/s/Sharon Ferguson**

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