



November 5, 2014

Burl W. Haar
Minnesota Public Utilities Commission
350 Metro Square Building
121 Seventh Place East
St. Paul, MN 55101-2147

via E-Filing

Re: MPUC Docket No. ET-6675/CI-11-1178 – ITC Midwest LLC Compliance with Commitments in Docket No. E-001/PA-07-540 to Improve the Transmission System and Relieve Constraints

MPUC Docket No. E-001/PA-07-540 – Joint Petition for Approval of Transfer of Transmission Assets of Interstate Power and Light Company to ITC Midwest LLC

Dear Dr. Haar,

In connection with the above-named dockets, ITC Midwest LLC (“ITCM”) is providing this update to advise the Minnesota Public Utilities Commission (“Commission”) about the status of certain projects other than the Salem-Hazleton 345 kV Project, since descriptions of those other projects were included in prior compliance filings under Docket No. E-001/PA-07-540 and Docket Number ET-6675/CI-11-1178. ITCM is also providing updated information on its capital investments since buying the former IPL system. ITCM asks the Commission to consider this information in connection with the pending requested finding of compliance with conditions in Docket No. E-001/PA-07-540.

Transmission Project Commitments

In an April 29, 2013 filing, ITCM reported that the Salem-Hazleton 345 kV Project was placed into service April 25, 2013, after delays resulting from circumstances beyond ITCM’s control. ITCM asked the Commission to find that ITCM had complied with its construction commitments and to confirm that possible penalties provided for in the Commission’s February 2008 Order in Docket No. E-001/PA-07-540 do not apply.

In previous filings, ITCM has also reported on five additional planned MISO projects which also had been identified as addressing transmission system constraints in the southeast Minnesota, northern Iowa and southwest Wisconsin Narrowly Constrained Area (“NCA”). The filings also outlined ITCM’s plans to address these additional projects, including proposed timelines for each, along with descriptions of the incremental steps already taken and those planned to be taken to complete the projects. The incremental steps included items such as submitting filings for state and local permits, providing public notices, conducting public hearings, pursuing easement acquisitions and franchise approvals, performing construction, and other relevant actions.

None of these additional projects was yet completed when ITCM made its compliance filing in April 2013. The current status of the remaining five projects is discussed below:

A. Coffey (Lewis Fields) New 161 kV line and 161 kV substation

The 161 kV substation was completed in July 2012, and the new 161 kV line was completed and put into service in September 2013.

B. Dundee 161/115 kV transformer

This project on the Central Iowa Power Cooperative (“CIPCO”) system was identified in MTEP 08 as a project that would mitigate the constraints in the NCA. It was also identified as a non-MISO project because CIPCO owns the Dundee Substation and is not a MISO transmission owner.

As noted in earlier filings, the original project to upgrade this transformer was replaced with projects to rebuild the 115 kV Coffey to Coggon to Dundee transmission line to operate at 161 kV so that the 161/115 kV transformer would no longer be needed. Both line segments have now been rebuilt by CIPCO to 161 kV standards. The Dundee-Coggon line will be converted to 161 kV operation when 161 kV construction at the Coggon substation is completed in late 2014 or early 2015, after which the Dundee 161 kV transformer will be removed from service. The Coffey-Coggon line will be converted to 161 kV operation in 2016 or 2017 when additional substation projects at Coggon are completed.

C. Heron Lake – Lakefield 161 kV rebuild

As detailed further in filings to the Commission in Docket No. ET-6675/MC-12-898, this project was placed in service during April 2014, after a delay due to ice storms in southwest Minnesota in April 2013 that interrupted construction of the project.

D. Multi-Value Projects 3205 and 3213

For MVP project #3205 (MVP 3), at its October 23, 2014 agenda meeting the Commission approved both a certificate of need and a route permit for the Minnesota portion of the project. Upon receiving the written order, ITCM will begin design and easement acquisition activities for the project and it anticipates beginning construction on the Minnesota portion in late 2015. The remainder of MVP 3 is in Iowa, where ITCM is in the final stages of easement acquisition and regulatory approvals. ITCM expects a decision from the Iowa Utilities Board (“IUB”) in August 2015 which would allow ITCM to complete the entire project by mid-2017.

For MVP project #3213 (MVP 4), ITCM received regulatory approvals earlier this year for some portions and has since begun construction activities for two 12-mile segments with 2015 in-service dates. ITCM is now pursuing regulatory approvals necessary for the remaining segments and, assuming favorable IUB decisions, it expects those additional segments will be placed into service in phases from 2015 through 2018.

Capital Investment Commitment

As part of the Salem-Hazleton 345 kV Project commitment, ITCM also committed to make at least \$250 million in capital investments in transmission infrastructure in the IPL service territory during the five years following closing of the transaction transferring IPL’s transmission facilities to ITC Midwest. The table below shows ITCM’s total capital investment (including construction-work-in-progress), by year, through mid-2014. ITCM now has invested over \$1.5 billion in transmission infrastructure on the former IPL transmission system over the six and one-half years ending June 30, 2014.

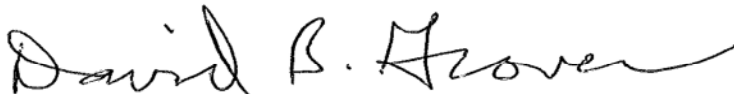
ITC Midwest Capital Investment

Year	Annual Capital Investment (\$ millions)	Cumulative Capital Investment (\$ millions)
2008	156.5	156.5
2009	140.1	296.6
2010	232.5	529.1
2011	269.1	798.2
2012	343.3	1141.5
2013	301.9	1443.4
2014 (through June 30)	119.6	1563.0

Conclusion

As noted above, ITCM completed the Salem-Hazleton 345 kV Project in 2013. ITCM has provided the above information to demonstrate its continued compliance with the commitments made in the 2007 IPL transaction proceeding and it looks forward to a Commission decision regarding ITCM's compliance with its construction commitments in that docket, including confirmation that the financial penalties provided for in the Commission's February 2008 Order in Docket No. E-001/PA-07-540 do not apply.

Respectfully submitted,



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