



Partners in Business

June 13, 2007

Agenda

METC Integration Update and Summer Operations Readiness

- ❖ Elizabeth Howell, Executive Director Operations

Midwest ISO Summer Readiness

- ❖ Ray Beaver, Customer Relations, Midwest ISO

Planning Preparations for Summer Peaks

- ❖ Tom Vitez, Director - Reliability Planning

Update on 765 kV Project

- ❖ Richard Schultz, Senior Vice President - Planning

Regulatory/Legislative Update

- ❖ Larry Bruneel, Vice President - Federal Affairs

METC Integration Update and Summer Operational Readiness

❖ Beth Howell, Executive Director, Operations

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METC Integration Update – Control Room

- At 0001 on May 1, 2007 ITC assumed operational control of the METC transmission system from Consumers Energy.
 - Smooth transition
- The ITC and METC systems are being operated jointly from the Operations Control Room “OCR” in Ann Arbor.
 - Includes Transmission Operations and the Balancing Authority
 - All Operators are trained and qualified to work on both systems
 - Backup OCR is in Novi
 - Michigan divided into 3 “positions” in the OCR
 - Transmission Management System a.k.a. the EMS is modeling and monitoring the combined systems
- When the new headquarters and control room are completed in 2008, the Ann Arbor Operations Center will become the long-term backup.
- Next step is to incorporate the MECS Balancing Authority functions into the Transmission Management System and retire the (old!) MECS EMS.

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Operations Control Room



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Operations Control Room



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METC Integration Update – Field Operations

- Three regional HQs for field operations and warehouses are up and running
 - Wayland
 - Gaylord
 - Kawkawlin

- ITC Operations tests and certifies key field O&M personnel before they can assume their responsibilities:
 - Qualified 21 ULC Operators
 - Qualified 34 Protection Leaders

- Working on establishing priority maintenance needs and on-going maintenance schedule for METC equipment.

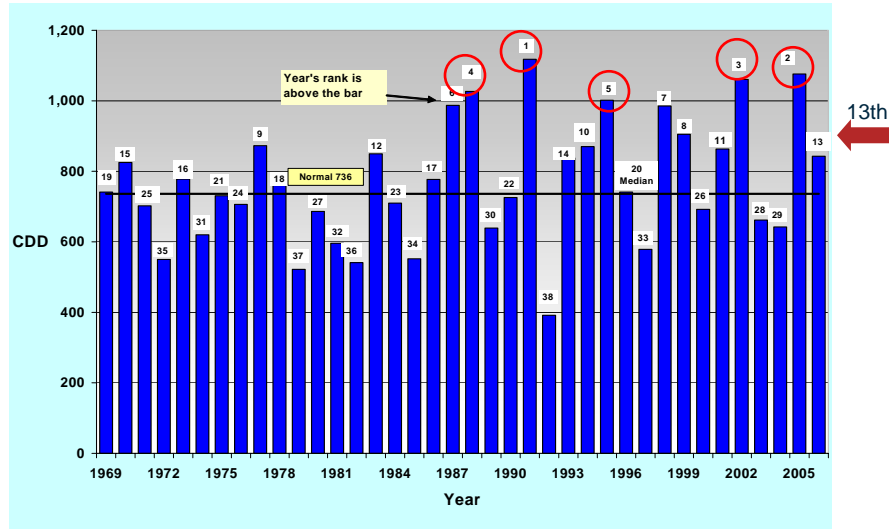
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Summer Readiness



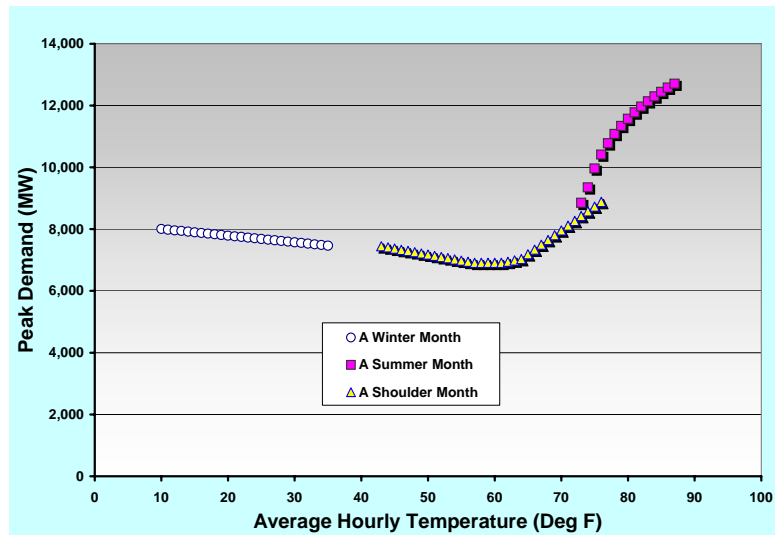
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History of Cooling Degree Days



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Some Typical Temperature Effects on Load

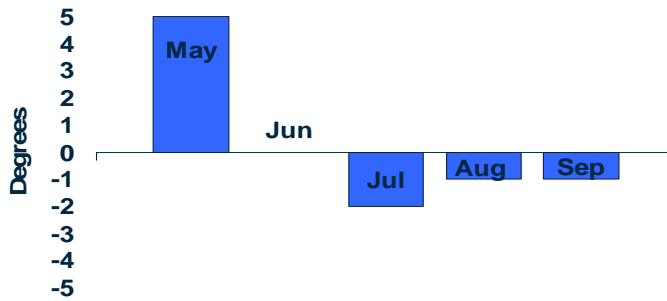


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2007 Weather Forecast

- Anticipating a “normal” summer – not extremely hot or cool
- Farmer’s Almanac predicts:
 - Summer will be a bit cooler and wetter than normal, on average. The hottest period will be in late July.

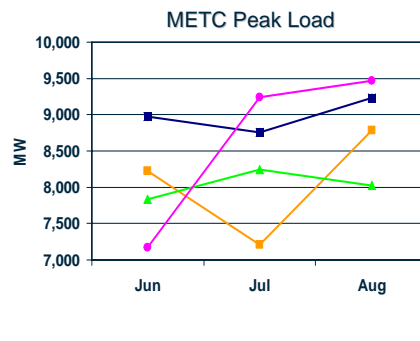
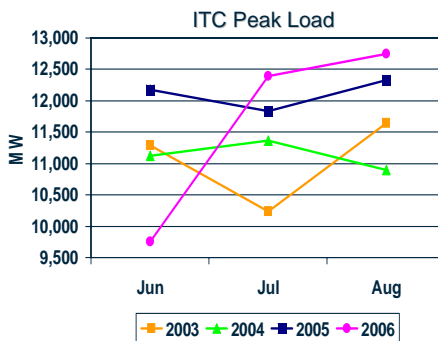
Variance from Normal



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2007 Load Forecast

- Although last year was only the 13th warmest summer, ITC and METC set record all time peaks on August 2, 2006.
 - Total load of over 21,600 MW
- Despite the weakening local economy, ITC system set record monthly peak demands in the May, July, August 2006 and February 2007.



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Operational Assessment - Transmission Capacity

- **Load Serving Entities** rely on the transmission system to be available to import power into Michigan to serve peak loads.
- **Anticipating over 2,000 MW** of summer purchases that must be transported into and/or across the ITC system to meet summer 2007 demand.
- **ITC is not anticipating any problems** meeting the needs for summer.

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Preparations for Summer - Inspections

- **As part of ITC's normal maintenance plan**, a visual inspection of all ITC and METC stations is performed on a monthly basis to discover any developing problems and to ensure all equipment is functioning properly.
- **In addition, ITC performs a summer readiness inspection on critical assets during the spring season. This year, these inspections have been extended to the METC system and began on May 1.**
 - **Transformers and Capacitors:**
 - Visual inspection of transformers and capacitors looking for oil leaks, blown fuses, bird nests, corrosion or damage
 - Inspection of transformer tank and bushing oil levels
 - Verify operation of transformer cooling fans, pumps and other critical controls and alarms
 - **Circuits:**
 - Conduct an aerial (helicopter) inspection of the entire system.
 - Check the condition of the lines, hardware and vegetation in the right-of-way.

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Preparations for Summer – Inspections Cont.

■ Stations:

- Critical stations and customer sites are inspected for potential problems on equipment which cannot easily be released for maintenance in peak load season.
- Special attention is given to frayed conductors, loose connections and hardware, cracked insulators, etc., in addition to major equipment.

■ All necessary repair activities are completed to bring equipment up to expected operational performance for peak load conditions.

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Preparations for Summer – Vegetation Management

■ In 2006, all ITC 345 and 230 kV circuits were walked and planned by a Certified Arborist using IEEE clearance standards as an absolute minimum, in accordance with NERC Standards for Vegetation Management.

- Arborists establish greater clearances based on easement rights, local conditions and good relations with landowners.
- This information as well as many other factors (species types, land types, work methods, etc) are all documented.
- All 200 kV and above corridors were reclaimed and vegetation management completed to a 5 year specification. All work was audited by Certified Arborists before payment.

■ The 2007 schedule was generated by both vegetation work history as well as the Fall 2006 Aerial Patrol.

■ In many areas, we have proven successful with total removals and managing ROW with only select herbicide treatments.

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Preparations for Summer – Vegetation Management Cont.

- **As each Corridor is worked in this manner, ITC has made great strides in strengthening the reliability of the system using best in class vegetation management techniques.**
- **On the METC system, we are moving forward with the same Vegetation Management plans and criteria that are used on the ITC system.**
 - In 2007, Arborists are walking the lines and developing the plan.
 - Contractors are currently focused on “Hot-spotting” urgent issues with minimum clearances and danger trees that have the potential to fall into the lines.
 - The Hotspot work is continuous and work is added and completed daily as Arborists continue to locate more urgent issues.
- **The Spring 2007 Aerial Patrol, Arborist audits and NERC Standards will result in the 2008 Vegetation Management Schedule.**
 - All lines operated at 200 kV and above will take top priority for planning and work will be completed from beginning of corridor to end.
 - Any corridors where the transmission lines directly feed an industrial customers substation will take next priority.

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Preparations for Summer – Policy & Procedures

- **Conservative Maintenance Policy**
 - ITC restricts maintenance and construction work on power plant mats and on critical transmission assets during high load.
- **Emergency Procedures**
 - Michigan Reliability Group “MRG” coordinates implementation of emergency procedures in Michigan that align with MISO.
 - Group includes ITC/METC, MISO, Detroit Edison, Consumers Energy, and the municipalities in Michigan.
 - Established communications protocols between entities necessary to carry out the steps established in MISO’s Emergency Operations Procedure, up to and including load shedding.
- **Daily Communications – “Blast Calls”**
 - MISO Morning Transmission Operator Call
 - ITC OCR/Detroit Edison SOC Morning Call
 - METC OCR/Consumers Energy Morning Call
 - MRG Blast Calls as needed

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Midwest ISO Summer Readiness

— Ray Beaver, Manager, Customer Accounts, Midwest ISO

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Agenda

- Introduction
- Reliability
- Summer Assessment
- Ancillary Service Market Project Update
- Questions

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Who We Are

What is MISO?

- Nonprofit organization that manages the reliable flow of electricity across much of the Midwestern United States
- Operational since December 15, 2001
- First Regional Transmission Organization approved by the Federal Energy Regulatory Commission
- Office locations in Carmel, Indiana and St. Paul, Minnesota



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Midwest ISO Statistics

The Midwest ISO

- Generation Capacity - 133,006 MW
- 116,030 MW Peak Load (set July 31st, 2006)
- 15 states and one Canadian province
- 920,000 square miles
- \$3.5 billion in energy traded monthly
- 69 members, 256 market participants

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What We Do

- Provide wholesale electric transmission services
- Maintain and Enhance Reliability
- Centralize Generation Dispatch and Outage Management
- Seams Coordination
 - Market to Non-Market
 - Market-to-Market
- Regional Planning

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Reliability

- Ensure real-time operating reliability of the interconnected bulk transmission systems
- Interact with 26 Balancing Authorities and maintain system reliability
- Administer reserve sharing - As of 1/1/07 the new Midwest Contingency Reserve Sharing Group pools reserves. Allows individual balancing authorities to reduce reserves by 39% (This consolidates control functions previously handled by 3 separate reliability organizations)

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Reliability

- Working with the Michigan Reliability Group to refine Emergency Operations Procedures (EOP)
- RSG Forgiveness in Emergency Conditions
 - Requested June 15, 2007 Effective Date
 - Imports, Exports and BTM Generation
- Recent NERC Audit - Real Time Ops
 - A Record Six “Examples of Excellence”

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Centralized Dispatch

- Efficiently dispatch market generation assets every 5 minutes
- Manage congestion via Locational Marginal Pricing (LMP), Transmission Loading Relief (TLR) and seams agreements
- Evaluate all resources within the Midwest ISO footprint as a pool

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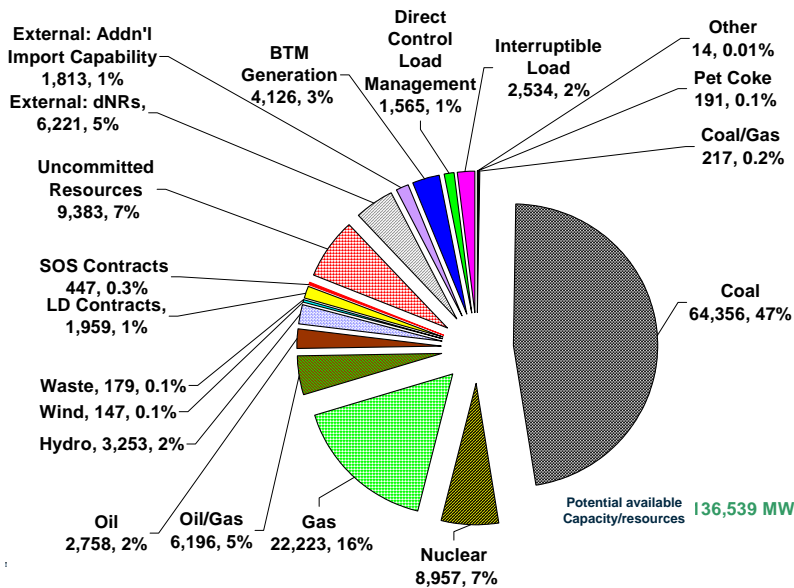
Summer Assessment Overview

- The Midwest ISO Market Footprint has a NERC reserve margin of 26.7%, including uncommitted resources and 11.7% excluding all uncommitted resources
- To evaluate the supply and demand risk profile NERC equivalent capacity has been adjusted to reflect the effective available capacity to the market footprint
 - Reduced to reflect derates, uncommitted resources, and forced outages
 - Increased to include external designated network resources, and imports
- Three load levels were evaluated
 - Low 109 GW (90% Probability)
 - Mid 113 GW (50% Probability)
 - High 117 GW (10% Probability)

2006 Peak Load – 110.5 GW
(Excludes LG&E)

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2007 Summer Capacity



2006-2007 Relative Comparison

	2006	2007
	Actual	Midcase
Capacity		
Total Capacity	121637	121637
dNRs	100334	108491
Uncommitted MWs	21303	13146
Contracts	5081	2406
External dNRs	5160	6221
BTM Generation	2705	4126
Total Capacity	113280	121244
Total Capacity w/Uncommitted	134583	134390
Load		
50/50 Load	110460	113198
Contingency Reserves	2635	1662
DCLM & Interruptible	3047	4099
Net Internal Demand	110048	110761
MISO Effective Margin (MEM)	2.94%	9.46%
MEM w/Uncommitted	22.29%	21.33%

■ 2006 Capacity and Load adjusted similarly to 2007 values to provide relative comparison of individual components.

■ Actual peak load occurred on 7/31/06 and was 75/25 load of 116GW

■ Without voluntary load reductions MISO could have experienced an 85/15 load on 8/1/06 of about 117 GW

■ Actual 8/1/06 load after voluntary load reductions equaled 50/50 forecast of 114 GW

Values in table reflect LGE departure, actual values above include LGE

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Ancillary Service Market Project

- Awaiting FERC order expected in the June – July timeframe
- Working with the Midwest ISO BA task team to develop joint operating protocols
 - First Drafts delivered to Balancing Authority Committee (BAC) on June 1st
- Formally submitted request to ReliabilityFirst that the Midwest ISO become a Balancing Authority
 - RRO Balancing Authority certification compliance audit has begun

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Ancillary Service Market Project

- Working with the Midwest ISO Stakeholder Committees to update BPMs, processes and procedures
 - Scheduled reviews of BPMs with stakeholder committees
 - Final Documents to be completed before Market Launch
- Preparing for Midwest ISO Balancing Authority certification pre-audit
 - Obtaining external audit resources to perform pre-audit

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Reference Documentation

Midwest ISO Operating Procedures

- Midwest Market website – <http://www.midwestmarket.org>
 - Documents > Reliability Procedures and Documents

ASM Project

- Midwest Market website – <http://www.midwestmarket.org>
 - Documents> ASM Project

NERC Standards

- <https://standards.nerc.net/>
 - Regulatory Approved Standards

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Questions?



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Planning Preparations for Summer Peaks

— Tom Vitez, Director – Reliability Planning

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Purpose

- Analyze the system under conditions that could arise this summer
 - Raises situational awareness
 - Assists in determining if/where additional monitoring of the system is warranted
 - Allows for development of pre-determined mitigation plans
 - Provides input into the development of future capital expansion plans.



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Starting Case Development

- Case Detail
 - 2007 Detailed Detroit Edison, Consumers Energy and Wolverine Models Included
 - 23,550 MW load + losses
 - 12,670 MW ITC *Transmission*
 - 10,880 MW METC
 - All generating units in area set to 92.5% of their P-max (the available generation in MECS was used for the make up)
 - Net Flows
 - 1793 MW into ITC *Transmission*
 - 1640 MW out from METC
 - 1500 MW flow modeled from ITC to IESO
 - A detailed review of station equipment loading has resulted in the addition of some station equipment to the model



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Starting Case Benchmarked to Historical Data

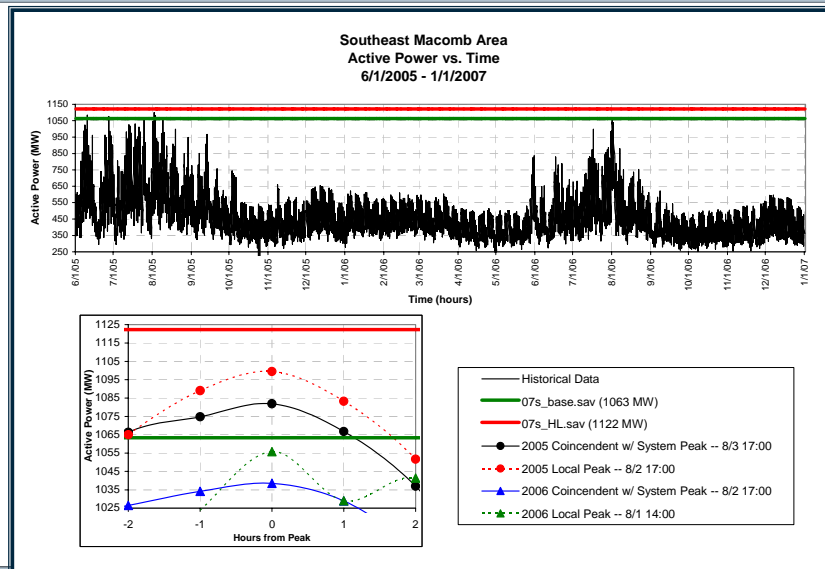
■ Benchmarked Modeled Area Loads and Flows to Historical Data

- ITC-IESO Interface Flows
- Bloomfield Area Load
- Washtenaw Area Load
- St. Clair Area Load
- Thumb Area Load
- North & Southwest Macomb Area Load
- Monroe Area Load
- East Wayne Area Load
- Dig Load
- Detroit Area Load
- West Wayne Area Load
- Genesee, Livingston, Northwest Oakland Area Load
- Southeast Macomb Area load
- Southfield Area Load
- Troy Area Load



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Cases Benchmarked to Historical Data, Continued



Sensitivities / “Stressed” Cases Analyzed

- **Imports to MECS**
 - 2100 MW incremental southwest (SW) and southeast (SE) flow into MECS
- **East to West**
 - 2000 MW flow modeled from IESO to ITC
- **High Load**
 - METC – 11,400 MW load + losses
 - ITC *Transmission* – 13,300 MW load + losses
- **80% (Shoulder) Peak**
 - Ludington Pumping
 - 1500 MW flow from ITC to IESO
 - 2000 MW flow from IESO to ITC
 - Ludington Generating
 - 1500 MW flow from ITC to IESO
 - 2000 MW flow from IESO to ITC
- **Restricted Unit Reactive Case**
 - MECS generating units maximum reactive output uniformly reduced by 25%



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Cases Analyzed , Major Projects

- **Planned System (“Planned” includes all project expected to be in service by the summer) – major additions:**
 - Solar – Tapped to line coming out HSC
 - Trillium
 - Carpenter
 - Kinderhook
 - Race Street
 - Sanderson
 - American Bumper-David (795 ACSS)
 - Laundra
 - Price Rd
 - Rogue River
 - Wyatt Station
 - Majestic – Madrid 120 kV
 - Erin – Stephens 120 KV #3
 - Lenox 345 kV Station



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Analyses Performed

- Contingency Analyses
- Transfer Capabilities
 - Importing Capability
 - Transfers thru System
- Voltage Performance
 - Voltage deviations pre vs post contingency
 - Voltage levels
 - PV Curves
 - VQ Curves
 - Dynamic Reactive Reserves
(Generating unit's ability to maintain regulated bus voltages)
- Cascading Analyses



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Study Details

- Study Detail
 - 522,011 Unique Contingencies Analyzed
 - 9 Cases analyzed (4.7 million total contingencies)
 - 432 Hours of computer processing time (18 days) spread over 12 Computers
- Contingencies included:
 - System "normal"
 - Single Generator or Single Transmission Element (Circuit or Transformer)
 - Open Section
 - Single Transmission Element + Single Generator
 - Double Circuit Tower
 - Circuit Breaker Fault/Failure
 - Bus Section
 - Two Generators
 - Two Transmission Elements (Circuits or Transformers)
 - Double Circuit Tower + Single Generator
 - Circuit Breaker Fault/Failure + Single Generator
 - Single Transmission Element + Two Large Generators
 - Common Right of Way
 - Transmission Station
 - Generating Station

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Transfer Capabilities

■ Transfers into MECS used to determine the max importing “stressed” case

- Approx. 2100 MW incremental flow into MECS from the south (southwest and southeast areas)
 - Coventry 345/120 kV for the loss of Brownstown (N)-Monroe (34) 345 kV ckt

■ Limiting Elements to MECS incremental import

- SE to MECS – 2150 MW (incremental to base case)
 - Coventry 345/120 kV for the loss of Brownstown (N)-Monroe (34) 345 kV ckt
 - Initial flow of approx. 750 MW from FE to ITC
- SW to MECS – 2100 MW (incremental to base case)
 - Coventry 345/120 kV for the loss of Brownstown (N)-Monroe (34) 345 kV ckt
 - Initial flow of approx. 950 MW from AEP/NIPS to METC
- IESO to MECS – 200 MW (incremental to east to west case)
 - Lambton-St. Clair L51D for the loss of Lambton-St. Clair L4D
 - Initial flow of approx. 2000 MW from IESO to ITC



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Base Case System Performance – PV & VQ Curves

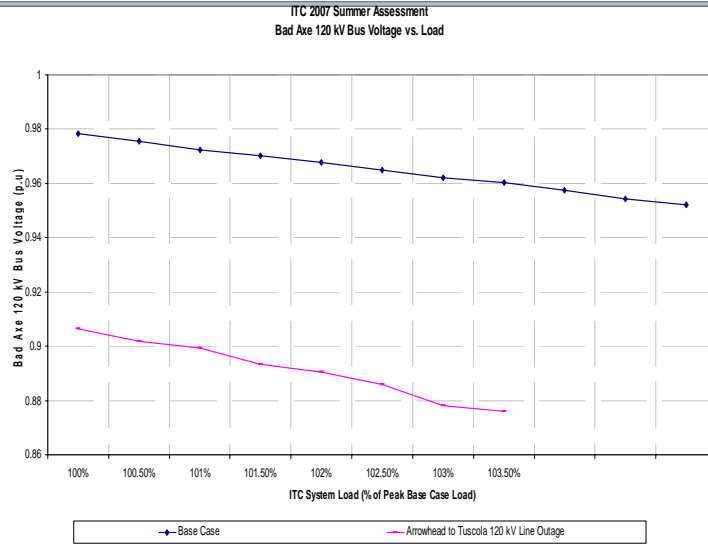
■ PV and VQ Analyses Performed on the following Buses

- HSC 138 kV
- Alpena 138 kV
- Allison 120 kV
- Stratford 120 kV
- Bad Axe 120 kV
- Wabash 120 kV
- Alpha 120 kV
- Macomb 120 kV
- Washington Ave 138 kV
 - (Holland area – Also did PV & VQ analysis on Black River 138 kV)

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Base Case System Performance – PV Curves Bad Axe 120 kV

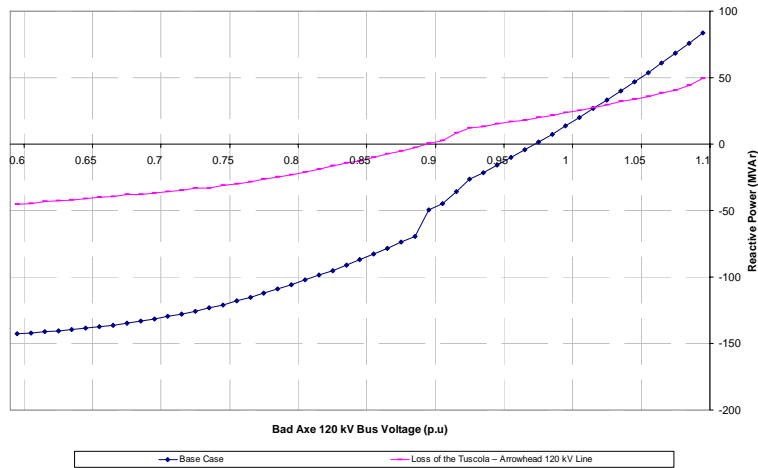
- Bad Axe 120 kV – Base Case and the loss of the Tuscola-Arrowhead 120 kV line



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Base Case System Performance – VQ Curves Bad Axe 120 kV

ITC 2007 Summer Assessment
Bad Axe 120 kV Bus Voltage vs. Reactive power



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Questions/Comments

- System Planning has met with Operations to review the results
- Plans are already in place to address many of the issues identified in the study
- Question/Comments



Update on 765kV Project

- ❖ Richard Schultz, Senior Vice President - Planning

Agenda

- The Laws of Physics
- Update on Feasibility Study
- The Project
- Benefits of 765 kV Technology
- Conclusions

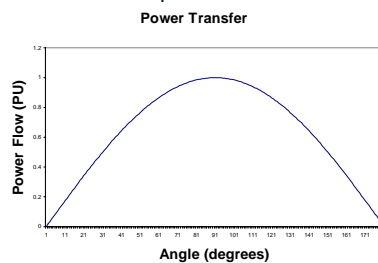
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Unavoidable Physics Principles - Unchanged

$$P = V_1 \bullet V_2 \bullet \sin \delta / X$$

Where *the real power that can flow through a line* is approximately equal to the product of the voltages at the ends of a line times the sine of the angle between the ends of the line, divided by the reactance of the line. X is proportional to the length of a line. X is effectively inversely proportional to the square of the transmission voltage.

The grid is “self healing” up to about 30 degrees; operating transmission systems at the top of the curve is disastrous.



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Addressing Michigan's Needs

■ ITC Transmission and AEP are evaluating a 765-kV loop to link Ohio to Michigan

- Proposal would provide the following benefits:
 - Reliability – an AC loop protects people on both sides of an outage
 - Access to regional markets – reduces congestion to allow consumers access to the lowest-cost generation, both into and out of Michigan
 - Access to remote generation sites (such as wind, hydro, biomass etc.)
 - Without new transmission, consumers cannot access new generation capacity, including renewables



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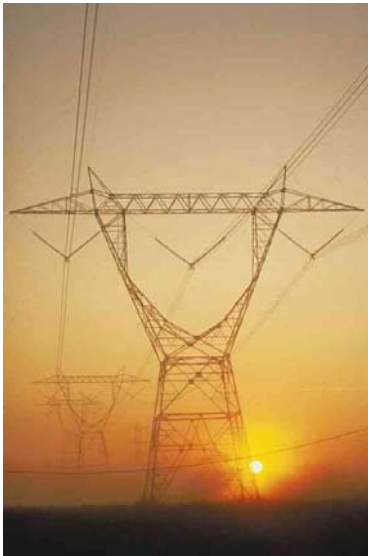
AEP/ITC – Evaluating Feasibility

- Connects four new stations with two existing 765-kV stations in Ohio and Michigan
- Project implementation can be completed in phases over many years
- Because a 765-kV loop will provide substantial interregional benefits, the costs for such a project may be eligible for regional cost recovery, which would reduce Michigan's share

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Benefits of 765-kV Technology

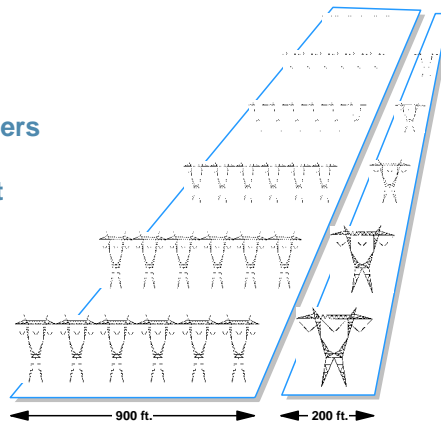


- Power carried greater distances
- Lines available 99% of the time
- 765-kV provides lesser line losses
 - It is estimated that the 765 kV project's line loss reduction would be roughly 240 MW of real power, in addition to 2200 MVAR of reactive.
 - Lesser line losses means less burning of fuel and lesser air emissions
 - Power transmitted over wire is more resource-efficient than coal transported over land.
- 765-kV project would increase Michigan's import capability by up to 4,000 MWs

Benefits of 765-kV

765-kV maximizes land use, providing greatest capacity increases with least land consumption

Reduced right-of-way need lowers cost as well as impacts to consumers and to environment



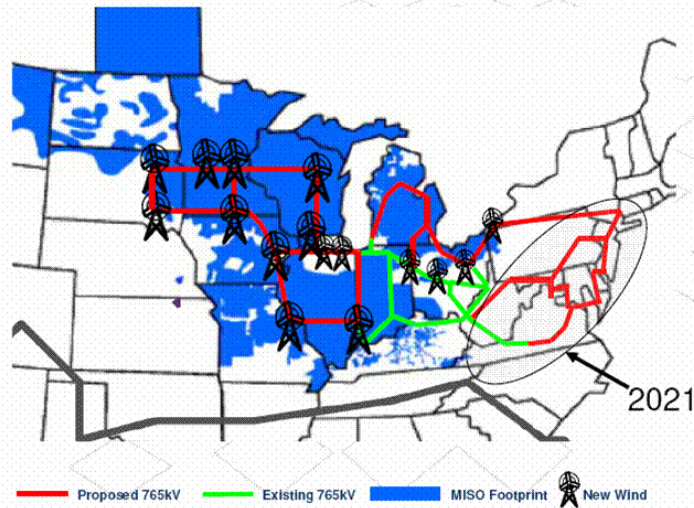
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8/14/2003 Blackout

- AEP/ITC study has verified that the 8/14/03 blackout would not have occurred had the project been in service at that time

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Proposed Year 2021 Overlay



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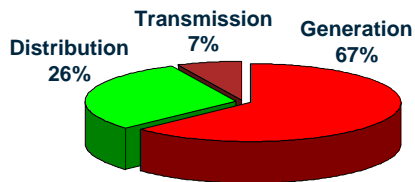
Transmission's Contribution to Energy Cost and Impact on Reliability

- **Transmission is only a small component of total delivered energy cost; yet, the reliability and economic benefits are considerable.**

■ Value of Robust Transmission

- **Enables and Ensures Reliability**
 - Sufficient capacity to serve load
 - More robust system better able to withstand Aug 14th type events initiated by others
 - Less reliant on "perfect" operators and reliability rules
 - Provides a hedge against unanticipated events
- **Reduces Energy Costs**
 - Losses savings
 - Reduced congestion
 - Keeps the "pie" from getting bigger

Industry Average Breakdown of End Use Customer Electricity Bill



Source: EIA Annual Energy Outlook 2007

The money spent on transmission can be "leveraged" in the sense that increased capacity can allow substantial net savings by reducing the price paid to generation.

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What's Next...

- **AEP/ITC technical study completed in June 2007**
 - Includes detailed analyses of project benefits, looking at multiple base case scenarios
- **MISO/PJM study and approval processes**
- **Approval from State Commissions and FERC**
- **Stakeholder input and public outreach activities**

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Conclusions

- **The 765kV loop project represents a decisive step towards stabilizing Michigan's electricity future over the longer term.**
 - Highest commercially available electrical power carrying capability.
 - Minimal right-of-way versus lower voltage lines for the same level of electric power carrying capacity.
 - Maximum economies of scale for the required capacity and minimum long term costs.
 - Enhanced regional reliability and security, promoting a "self-healing" grid.
 - Easy interconnectivity with lower voltage systems.
 - Existing experience and expertise that will expedite implementation.
 - Comparable or lower cost than alternatives.
 - Leverages the existing 765-kV transmission infrastructure to facilitate future expansion.
 - Provides additional capacity for future needs, minimizing need for future rights-of-way.
- **Permits a robust, wholesale competitive market continues to flourish.**
- **Underinvestment in transmission has led to congestion, constraints, and lower reliability.**
 - Higher cost power is generated and dispatched to avoid the constrained area.
 - Transmission system operates at limit during times of peak load.
 - Reliability is compromised as the system operates with no contingencies, or "spare tire".
- **Restoring robust backbone transmission system is the key to security and reliability**
 - This is due to the "self-healing" nature of the interconnected and integrated grid.
 - The missing energy due to the sudden outage of a generating unit in Michigan is immediately supplied by the entire Eastern Interconnection via the transmission system, without any human action whatsoever.
 - Similarly, the power flowing on a transmission line connected to Michigan is immediately and automatically redistributed to other parallel transmission lines, again without any human action.
 - In both cases, sufficient transmission capacity accommodate the resultant power flows and power flow changes; only a robust transmission system can automatically respond in real time.

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Questions?

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Regulatory/ Legislative Update

- ❖ Larry Bruneel, Vice President - Federal Affairs

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Regulatory Update

- **The MISO TOs submitted a compliance filing to update certain references to the FERC Form 1 to comply with Order 668-Accounting and Financial Reporting for Public Utilities Including RTOs (ER07-113).**
 - Attachment O revisions were needed to comply with FERC's Final Rule on Order 668.
 - FERC accepted the filing.

- **FERC rejected MISO's proposal modifying the redirect provisions in its tariff to permit peak/off-peak hourly pricing for non-firm redirect service.**
 - FERC stated that Order No. 888 prohibits transmission providers from assessing additional charges when firm point-to-point reservations are redirected on a non-firm basis (ER05-273).

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Regulatory Update

- **FERC approved MISO's cost allocation for reliability (RECB I) and economic projects (RECB II) (ER06-18).**
 - FERC upheld the level of regional cost sharing of 20% and reiterated that the cost allocation methodology should be viewed as an "initial step" toward regional cost sharing.
 - FERC accepted the cost allocation for economic projects and the method by which they would qualify for regional cost sharing.
 - MISO submitted a compliance filing making revisions to the Tariff to address FERC's RECB II Order.
 - ITC and METC commented on several of MISO's revisions, but overall stated that the cost allocation methodology is inherently flawed and overly complex.

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Regulatory Update

- **FERC issued a Final Rule (Order 890) reforming its open-access transmission tariff framework to remedy undue discrimination and provide for more transparency in the operation of the transmission grid (RM05-25).**
 - FERC required coordinated, open and transparent transmission planning on both a sub-regional and regional level by adopting nine planning principles.
 - Planning process must satisfy these nine principles in order to be considered compliant with the Final Rule: coordination, openness, transparency, information exchange, comparability, dispute resolution, regional participation, economic planning studies and cost allocation for new projects.
- **MISO proposed Schedule 10-ERO to pass-through ERO penalties. These charges would be assessed to responsible Tariff Customers that are identified or pro rata to all Tariff Customers if no responsible customers can be identified (ER07-701).**
 - ITC and METC commented that MISO's filing lacked many details on Schedule 10-ERO and reserved the right to submit supplemental comments.
 - FERC rejected the proposal without prejudice and ordered a technical conference to address the issues raised by the interveners.

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Regulatory Update

- **FERC overturned the Administrative Law Judge's Initial Decision in PJM's pricing case (EL05-121).**
 - The Commission found that license plate rates remain just and reasonable for existing facilities, and recommended a postage stamp cost allocation for new facilities 500kV and above. They also directed PJM to come up with a cost allocation for facilities 100kV – 500kV.
- **FERC issued a second rehearing Order on transmission incentives (RM07-6).**
 - Affirmed that applicants may request incentives in advance of a project's completion by petitioning for declaratory order;
 - Clarified that projects developed through an RTO planning process must still meet the "nexus" requirement in order to qualify for incentives (i.e., that there is a nexus between the incentives sought and the investments to be made); and
 - Clarified that incentives relating to RTO membership may be applied to both existing and new facilities.

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Regulatory Update

- FERC accepted METC's compliance filing in the Forward Looking Attachment O proceeding (ER07-95).

- The Michigan Public Service Commission (MPSC) issued an Order approving ITC's Certificate of Public Convenience and Necessity for the Genoa – Prizm project (U-14861).
 - The Order adopted the MPSC Staff's recommendations to modify ITC's proposed route.
 - The modified route places poles on the south side of M-59, and requires collocating of distribution lines using a single set of poles to minimize impact to the area.

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Regulatory Update

■ IP&L Activities

- Iowa Utilities Board (IUB) application was filed March 30, 2007.
- Illinois Commerce Commission (ICC) application was filed April 6, 2007.
- Minnesota Public Utilities Commission (MPUC) application was filed on April 27, 2007.
- Missouri Public Service Commission application will be filed soon.
- FERC 203 and 205 application for approval of the transaction and to set new rates was filed on May 11, 2007.
- Hart Scott Rodino antitrust approval has been obtained.

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Federal Legislative Update

- **Federal Renewable Portfolio Standard in Senate Energy and Natural Resources Committee. No action in House yet.**
- **Climate change legislation in political limbo. Hearings in both Senate and House, Presidential pronouncements, etc., etc., etc.**
- **Energy tax package working through House Ways and Means Committee.**
 - Likely to include new tax credits and extensions of existing credits.
- **Chairman Kelliher nomination moving through Senate.**

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State Legislative Update

- **State Budget – Getting the most attention these days; Reforms and Revenues to meet shortfalls.**
- **House Energy and Technology Committee – Chairman Frank Accavitti (D-Eastpointe)**
- **Senate Energy Policy and Public Utilities – Chairman Bruce Patterson (R-Canton)**
 - Hearings taking place in both Committees since January 2007
- **Legislative Initiatives**
 - Repeal of PA 141 – Repeal “Customer Choice”
 - Senate Bill 427 – preserve “choice” and establish competitive bid process for new generation
 - Multiple House and Senate bills dealing with renewables, RPS standard, and energy efficiency measures.
- **Commissioner Chappelle resigned from the MPSC effective June 7, 2007. Governor to appoint an Independent or Republican to the position.**

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Partners in Business Meeting Wrap-up

- **Feedback – fill out survey – get a prize!**
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