



**Moderator: Pat Wenzel**  
**February 26, 2009**  
**10:00 a.m. CT**

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**Operator**

Good day and welcome everyone to the ITC Holdings Corp. Fourth Quarter 2008 financial results conference call and Webcast. This call is being recorded.

At this time for opening remarks and introductions, I'd like to turn the call over to Pat Wenzel, Director of Investor Relations. Please go ahead, ma'am.

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**Pat Wenzel**

Good morning and thank you for joining us for ITC 2008 4th Quarter earnings conference call.

Joining me, on today's call are Joseph Welch, chairman, president and CEO of ITC and Edward Rahill, our senior vice president and CFO.

Last night, we issued a press release summarizing our 4th quarter and full-year 2008 results. We expect to file our Form 10-K with the Securities and Exchange Commission later today.

Before we begin, I would like to remind everyone of the cautionary language contained in the following Safe Harbor Statement. Certain statements made, during today's call that are not historical facts, such as, those regarding our future plans; objectives and expected performance, are forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent our outlook only as of today.

While we believe that these statements and their underlying assumptions are reasonable, investors should know that actual results may differ from our projections and expectations because they are based on current facts and are subject to risks and uncertainties.

A discussion of the risks inherent in our business that could cause these differences, may be found in certain documents filed with the SEC, such as, our Form 10-K, expected to be filed today; our other periodic reports filed on Forms 10-Q and 10-K, as well as, our other SEC filings. You should consider these risk factors when evaluating our forward-looking statements.

We disclaim any obligations to update or alter our forward-looking statements, except as required by law.

At this time, I'd like to turn the call over to Ed Rahill to discuss the financial results.

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**Edward Rahill**

Thanks, Pat. We are very pleased with our strong 2008 financial results. In spite of a difficult economy and turbulent financial markets, ITC continues to deliver value to our shareholders.

In the 4th quarter of 2008, ITC reported net income of \$27.0 million or 54 cents per diluted share. This compares with net income of \$15.6 million or 36 cents per diluted share, for the 4th quarter of 2007.

ITC reported net income for the full year of 2008 of \$109.2 million or \$2.19 per diluted share. This compares with net income of \$73.3 million or \$1.68 per diluted share for the same period in 2007.

Net income, for the year, was higher than our earnings guidance of \$2.10 to \$2.12, primarily, due to higher rate base and an increase in allowances for funds used during construction or AFUDC, as a result of the higher expected capital expenditures in the 4th quarter.

Key drivers that contributed to the 2008 financial results compared to 2007 include:

- Capital investments, for the year, of \$121.8 million; \$121.1 million and \$156.5 million, respectively, for ITC *Transmission*, METC and ITC Midwest.
- Increased income from ITC Midwest in 2008 as a result of the acquisition of the Interstate Power and Light or IPL transmission assets closed in December of 2007.
- Higher rate base at ITC *Transmission* and METC;
- Higher financing costs at ITC Holdings to fund the acquisition of IPL's transmission assets and to fund the capital expenditures
- Higher weighted average diluted shares outstanding and
- Higher development expenses at ITC Great Plains and ITC Grid Development.

It should be noted that in 2008, capital investments at ITC Midwest included approximately \$65 million of startup expenditures, such as, new vehicles; warehouses; tools; equipment and IT costs to integrate ITC Midwest operations into our Novi control center. In addition, ITC *Transmission* had some one-time expenditures for its new headquarters that occurred during 2008. Excluding these items from 2008 CapEx, would put us within the range of our 2009 guidance.

Please see our press release issued last night and our 10-K expected to be issued later today for more details on the 4th quarter and full-year financial guidance.

Now, I'd like to discuss the 2009 capital expenditure plan. For 2009, ITC *Transmission* expects to invest between \$70 million and \$85 million; METC between \$110 million and \$130 million and ITC Midwest between \$90 million and \$110 million in their respective transmission systems for the year, which is a total of approximately \$270 million to \$325 million. These capital expenditure investment projections do not include any potential investments at ITC Grid Development. These expectations are inline with our long-

term financial capital plan, as previously disclosed, which anticipates spending between \$2.9 billion and \$3.3 billion, over a 10-year period, between 2008 through 2017.

While in any given year, ITC's total capital investment may be above or below the 10-year average, it is clear, if you consider the combined capital investments for 2008 and 2009, of approximately \$670 to \$725 million that we are on track to deliver on this plan. And finally, ITC has and continues to be able to have access of capital markets even in these trying times as evidenced by our ability to raise money at METC and ITC Midwest, in December of last year.

For the full-year of 2009, earnings per diluted share are expected to be in the range of \$2.20 to \$2.30. Key drivers, of this increase, in earnings per share, over 2008 results, are higher rate base offset by higher development expenses, which are expected to be significantly higher than 2008 due to our previously announced development projects.

Lastly, I would like to update you on our liquidity position and the ability to finance our capital expenditures. With our available revolving credit facilities, internal cash flow and expected continued access to the capital markets, as I've already discussed, we do not anticipate any negative impact on our capital expenditure plans.

In December of 2008, ITC completed private placement financings at two of its subsidiaries, METC and ITC Midwest. METC issued \$50 million of senior secured notes and ITC Midwest issued \$75 million in first mortgage bonds. These issuances demonstrate that ITC has the ability to raise funds and to carry out our capital expenditure plans.

Just prior to these transactions, Standard & Poor's increased the rating applicable to METC senior secured notes from BBB to A minus. To receive a ratings upgrade during these difficult financial markets reaffirms ITC's financial strength. Additionally, the increased rating should reduce METC's borrowing costs for the benefit of our customers.

In January, Moody's reaffirmed our ratings – the ratings of ITC and its subsidiaries and maintained a positive outlook. These events give us the continued confidence that ITC will have access to the capital markets to fund our capital expenditure plans.

At this time, I'd like to turn the call over to, Joe.

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### **Joseph Welch**

Thanks, Ed. I think we can all agree that 2008 was a great year that we are happy to have behind us. The turmoil in the capital markets and economy provided significant challenges for businesses and the investment and financial communities.

The S&P 500 Index realized a 37% negative return for the year, which is the worst year since 1931. ITC fared much better, with only a negative return of 20.7% to our shareholders. In spite of this upheaval, ITC continues to deliver financial results for its shareholders, as Ed has just outlined.

This demonstrates that ITC's business model is predictable and stable. In fact, our business model is so successful that others are trying to emulate it. However, they won't be able to achieve the same results because they are not independent from market participants. Furthermore, our model enhances our ability to raise funds, in these difficult times, so that we can continue to pursue our mission of investing in the electric transmission grid; to improve reliability and provide access to reliable; nondiscriminatory; competitive and low cost energy and to facilitate the entrance of renewable energy into the transmission grid to support our nation's emerging energy policy.

In addition to our strong financial results, ITC realized other significant accomplishments, in the 4th quarter of 2008. On December 15th, ITC Midwest assumed operational control of more than 4,500 miles of 69kV and above transmission lines and 208 substations acquired last year from Alliant Energy's Interstate Power and Light Company operating subsidiary.

ITC Midwest assumed control room operations from American Transmission Company, which had been operating the system on IPL's behalf since January 2001. ITC Midwest is now operating the system out of its Novi, Michigan operations control center.

Assuming operational control means that ITC Midwest will be responsible for operating and maintaining the electric transmission system, ensuring that it reliably serves customers needs and meets all federal and state operating requirements and was the next step in moving ITC Midwest to a fully independent transmission company, which will help ensure that all customers and generators have equal and open access to the regional grid.

Open access means that the system is operating as an energy superhighway that benefits everyone. The remaining step to become fully independent is for ITC Midwest to assume operational control of a 34.5kV system, which we expect to be completed by the end of this year.

When we bought the IPL system, we knew that it would provide investment opportunities to rebuild and upgrade the existing system and as expected.. the opportunity's even larger due to the interconnections for renewable energy.

In 2008, ITC Midwest interconnected 810 megawatts of renewable wind energy. This represents 10% of all the wind that was interconnected in 2008, which helped Iowa surpass California, as the state with the second greatest amount of installed wind energy capacity.

The acquisition of IPL's assets by ITC Midwest has positioned ITC to play a large role in the build-out of the transmission infrastructure to support the integration of renewable energy into the grid, as evidenced by the amount of capital that ITC Midwest has already invested and plans to invest in 2009. As most of us know, in November, IPL filed a complaint with the Federal Energy Regulatory Commission under Section 206, of the Federal Power Act. The next step is for FERC to issue an order indicating whether the complaint is dismissed or will proceed to a contested case process.

We asked FERC to give us an expeditious resolution of this matter for the benefit of all the parties. We are committed, today, as we always have been, to operating ITC Midwest's system responsibly and prudently and to address the historic lack of investment; known reliability and congestion issues; to meeting new mandatory reliability standards and to facilitating the interconnection of renewables.

In 2008, ITC made great progress in its efforts to modernize the overburdened, aging electricity grid and to create a high voltage backbone that can meet America's renewable energy goals and eliminate costly inefficiencies, in the grid. Beyond our current operating companies, we continue to work on our development efforts in the Southwest Power Pool, SPP region and elsewhere.

In Kansas, we are continuing our work to bring the ITC-sponsored KETA and V-Plan projects to construction, two projects that ITC has championed. We recently filed an application with the FERC, for the approval of the rates that would apply to ITC Great Plains transmission projects, in the SPP Region, including, Kansas.

This application was a major milestone for ITC Great Plains. Approval of the application would provide the company with the regulatory certainty required to make significant transmission investments in the SPP Region, including, Kansas.

In December, ITC Great Plains announced the purchase of two interconnection substations in Kansas, as part of a strategic partnership, with Mid-Kansas Electric Company. By acquiring these assets, ITC Great Plains is better positioned to build transmission projects to ensure the continued development of a robust and reliable transmission grid for Kansas.

We enter 2009 with great enthusiasms, as we move closer to realizing our vision of a high voltage transmission infrastructure build-out needed to support the nation's emerging energy policy of facilitating access to renewable energy; reducing our dependence on foreign oil and reducing carbon emissions. We are on the precipice of significant changes in the energy landscape in the U.S. There has been a notable increase in the dialogue around the need to invest in regional, high voltage transmission and remove the impediments to building this needed transmission.

ITC is uniquely positioned and qualified to play a large part in the super regional transmission build-out, as evidenced by our announcement unveiling the Green Power Express, a 3,000-mile, 765kV high voltage backbone transmission, which would facilitate the movement of 12,000 megawatts of power from the wind abundant areas of the Dakotas and Minnesota and Iowa, to the Midwest load center, such as, Chicago, southeastern Wisconsin, Minneapolis and other states that demand clean, renewable energy.

This new project addresses the recognized lack of electric transmission infrastructure, an infrastructure that is needed in order to integrate renewable wind energy. ITC has made a substantial commitment in studying this project. We believe that with support from the FERC and state regulators and with an approved regional cost allocation method and streamlined siting, we can move from concept to initial construction activities in less than 2 years.

ITC believes that many of the existing impediments to the Green Power Express, such as, cost allocation and siting, will likely be addressed by Congress this year as part of an energy bill. Stay tuned, 2009 should be another eventful year for ITC and we are excited about the opportunities ahead of us.

At this time, I'd like to open the call to answer any questions from the investment community.

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**Operator**

Thank you, sir. At this time if you would like to ask a question, please signal by pressing the star key followed by the digit 1 on your touch-tone telephone. If you are using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Once again that is star 1 to ask a question.

We'll take our first question from Yiktat Fung, Zimmer Lucas Partners.

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**Yiktat Fung**

Good morning. Congratulations on a great year.

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**Joseph Welch**

Oh, thank you. Good morning.

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**Yiktat Fung**

Good morning. I was wondering if you would mind breaking out the development expenses for 2008 and also, what's embedded in your guidance for 2009?

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**Joseph Welch**

We don't make a habit of breaking out those development expenses. As I'm sure you can appreciate that a lot of people who might be out there, in the marketplace today, are trying to zero in on how big a commitment we're making to these activities.

Just let it be said that we're very focused on these activities and we intend to be successful. But for specific line items on that one, we've given you our overall guidance and we've given you, what I consider, to be a good conservative look at how we look at 2009.

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**Yiktat Fung**

OK, fair enough. Can you also discuss financing needs at the holding company level for 2009 and also, whether or not the company plans to use any of that – the sales agency financing agreement that the company has in place?

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**Edward Rahill**

Yes. At the holding company, we expect minimal financings. We have a standard policy of when our revolvers get to a specific level of activity we convert them over to long-term debt. And that's something we historically have been doing. And as I had commented in my – and we will be doing that in '09. As I had commented in my section, we – based on historical experience, we don't believe we will have any problem in that standard refinancing.

We will be looking at our revolver capacity making sure it's adequate and it's possible that if we decide to, later on in the year, we will maybe increase it by a factor of \$30 million to \$50 million but that – when that decision is made we'll announce that.

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**Yiktat Fung**

And what about the...

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**Edward Rahill**

The agency financings?

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**Yiktat Fung**

Yes.

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**Edward Rahill**

If you're referring to the government stimulus, we do – the safe financings – I'm sorry, now I understand the financing question. No, we do not anticipate that we will need to issue any additional equity, at this time, given the capital level of expenditures. And I think we stated back in September that we do not expect, over the 10-year plan, to have to issue little or any additional equity to meet our \$3 billion goal.

The caveat would be there if we were fortunate enough to have some large projects come online, in the next 2 years, through development, then that would be an option but that would only be executed because we had large opportunities to pursue.

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**Yiktat Fung**

Thank you very much. That was very helpful.

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**Operator**

We'll take our next question from Dan Eggers, Credit Suisse.

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**Dan Eggers**

Hey, good morning.

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**Joseph Welch**

Good morning, Dan.

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**Dan Eggers**

Just on the – I know you're not going to give us a number on the development expense and I'm not going to try and ask for it that way but in your guidance for 2009, are you assuming that there's – you will spend the money to pursue the Green Energy Express and the Kansas projects and the Michigan 765, all those development expenses? None of those will be capitalized, meaning, you assume that there are capitalizable projects to get approved where you'd be able to dump some of those expenses this year.

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**Joseph Welch**

Well, I don't make that assumption. That first of all, we have laid out a budget. We have a filing before the Federal Energy Regulatory Commission right now on Green Power Express, specifically, to talk about that level that – in the development side, where we would capitalize.

To be candid, we have put a lot of effort into Green Power Express and it is just absolutely a terrific project. I think if you listened in when we gave the press release on it, you would agree. Since that time, we have done more work on Green Power Express and the results are even more stunning than the first study.

So to answer your question, in our FERC filing, we've laid out our plans. We are going to use some of the money for a threshold amount and then, after that if we're in serious development then at that point we will look to capitalize that. And that will go through a full hearing processing.

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**Dan Eggers**

Is there precedence to be able to capitalize the development expenses or is this another one of the, kind of one of these more innovative things you're pursuing to help make this more...

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**Joseph Welch**

Well, I think that others have started to layout the need. You know when you start to embark on a project that is the magnitude of Green Power Express, of course, then you know what the regulators have to look at is what is a fair treatment for that?

And once we get through the initial processes of getting the project reviewed by an independent planner and we you know then get something like a green light from the Federal Energy Regulatory Commission, to move forward to build, I don't think – anything after that is speculation and then yes, we probably will try to recover all those costs.

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**Edward Rahill**

The \$2.20 - \$2.30 does not assume any recovery. We think that we need to be prudent with that guidance because it hasn't occurred yet. So I think the – does that answer your question?

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**Dan Eggers**

So, if you do get – if the FERC does come your way on this then actual earnings would go up for '09?

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**Edward Rahill**

Well, the FERC could...

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**Dan Eggers**

Or more comfortably...

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**Edward Rahill**

We have to meet certain milestones on the project and so what's best to understand is that is upside, but we can't promise we're going to deliver until we actually start the projects underway.

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**Dan Eggers**

OK. And then on – just from a policy perspective, Joe, I would assume that your announcement probably got a lot of attention in D.C. You know where do you see you know language being written, right now? And you know when do you think we're going to see you know activity in either the House or the Senate on actually changing FERC's siting authority?

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**Joseph Welch**

Well, you know the thing that I repeatedly tell people, Dan – siting is an important issue but to us, it's not the most important issue. And it's not the number one impediment to getting big regional transmission projects built.

What – but to be more specific, to your question, the – it's my understanding and we're working on it right now that language is being shopped around and I think people are anticipating by mid-year we're going to have energy legislation out here. Siting is one of the major issues.

The other major issue is how do you get something like a Green Power Express, which again you know based on our second independent evaluation that we've had done by outside consultants, has confirmed the first one. And in fact, added some more points that we didn't know that even make it a better project.

How do you get that approved? What's the planning process to get it approved? The current RTO process really doesn't address something like Green Power Express.

We think that process needs to be modified too, so that it can. And secondly, we're still talking about cost allocation. And I think the – those are the two issues that in front of siting, as far as, being able to move forward.

Having said all that I'm really optimistic that with the pending climate change that the President said that he wanted focused on right now; the fact that Green Power Express specifically addresses that issue. And gets to the heart of bringing renewables online, in a really planned cost-efficient manner, we're going to see a lot of good activity for Green Power Express.

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**Dan Eggers**

And I guess, just one more question you know since this was announced you know any updates on you know additional partners who are you know in support of your project or who could be working with you guys? Or you know what's been your call volume from other munis and co-ops who might be showing interest in working with you guys...

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**Joseph Welch**

I think that you know we have openly said and I want to say it again here that all of the people who are affected by Green Power Express, whether we've talked to them or are in the process of talking to them, we have had a tremendous amount of support. We want them to all be partners in this line.

We think that it's good for the country. It should be good for all of the intervening utilities in the path. We want to make it that way. And we want to make it work with the RTO process that's in existence today. And we also want to have those partners at the state level and we're working through that process right now so that we can get a streamlined citing with or without legislation.

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**Dan Eggers**

Thank you, guys.

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**Joseph Welch**

Thank you.

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**Operator**

We'll take our next question from Scott Thomas, Neuberger Berman.

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**Scott Thomas**

Morning, guys. A couple of my questions have been answered, but I just had one follow-up. Does your – can you remind us if your formula rate tariff allows for any exposure to the decreased throughputs or peak levels on the system either in ITC classic or in the Midwest?

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**Joseph Welch**

No, actually, our tariff, the way it works, is you know in the terms of a – of the new language that people are using, it's a de-coupled tariff, so it's not volume sensitive. So – but it does you know allow you for a true-up, in a future year.

So if you're under collected, we have to move to a future year to recollect. The fact is, is that I want to believe that we, in the company, have done a really good job on forecasting and we'll do an even more aggressive job on making sure that we adhere to budget, so that uncollectable – I won't call it an uncollectable that was that true-up amount that we're going to be after, is going to be minimized.

We don't feel that it would be prudent for us to have a true-up number out there that is going to put anything at risk, especially, in these – in the turbulent economy that we have, so we're going to be very diligent about watching that. And think we've done a good forecast but we're on top of it, right now and we'll keep it up that way. But the specific answer to your question is, no we're not volume sensitive.

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**Scott Thomas**

Did you have – just from what you saw, maybe, in the last half of the year, particularly, I guess in Michigan, did you see any evidence that maybe you know that those loads were following behind your forecast and that maybe there'd have to be some catch-up in '09 or you know expectation that '09 was below your original forecast?

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**Joseph Welch**

We – right now, with our forecast, we look like we're pretty close. But there you know this is a day-by-day look and see. We – I'm not sitting here nervous about our forecast yet. But I tell you this, I watch everything that I can to make sure and I try to listen to everybody whose in the business tell me you know we try to get as much data as we can to make sure that we're on top of it.

Normally, I wouldn't be quite as alerted to it as I am this year but I've got myself and the whole management team. We look at this, truly, on a bi-weekly basis.

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**Scott Thomas**

Great, thanks guys.

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**Joseph Welch**

Yes.

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**Operator**

And again that's star 1 to ask a question; star 1. We'll go next to Steve Gambuzza, Longbow Capital.

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**Steve Gambuzza**

Good morning, Joe.

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**Joseph Welch**

Good morning.

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**Steve Gambuzza**

Wanted to ask about your comments regarding potential legislation regarding cost allocation. It seemed like the RTOs – or there's been some progress at the RTO level with respect to cost allocation and there's been progress elsewhere, in the northeast, regarding some of the innovative ideas on how to get economic projects built. I was just wondering if you could kind of summarize where things are and how the federal government might play a role in this.

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**Joseph Welch**

Well, we believe and this'll be kind of a long-winded answer. But you know I think it's important that everyone understands why we take the position that we do. And where we think the right answer is.

That where we're at, in the country, today and you hear it a lot in the political speeches that are given, no matter what or no matter whose energy plan that you read, whether it's Google's or Fed-Ex's or T. Boone Pickens, everyone is saying that we need to get a high voltage transmission system built to address national security for energy. To address climate change; to integrate new sources of generation into the grid; to move it long haul from point A to point B.

None of these issues are a local, state-by-state or a regional issue. None of them are just the northeast problem and none of them are just the southwest problem or vice versa. Climate change; imported oil; national security; energy security; energy sustainability; independent, those are all national issues.

When we look at this, we start to realize that resources are not distributed evenly across the country. Load is not distributed evenly across the country and the problems aren't evenly distributed across the country. And the high voltage grid should be built to serve all people; all energy and to make it equally available to all and to address these questions.

Based on that we look at the mechanism that was used to fund the federal highway system and what we have is a levelized gas tax across the country for the federal system. And we think that one tariff for transmission should be the same thing for the whole country.

Sub-regional is sub-optimal. All of these regional things are trying to get around specific questions on who pays. The benefits are for everyone; the problems are everyone's and we need to address it with everyone paying. So we support what's called, a postage stamp rate, which basically says that all people are going to pay the same amount of money for transmission. And then, it's our job to make sure that they all get the benefits as quickly as possible.

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**Steve Gambuzza**

And do you feel like there're like-minded people in Washington with core policies, similar to that?

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**Joseph Welch**

I think that on a broad basis there is but when we get down to state-by-state level, there's a total lack of understanding of what's going on. And so, I think that this issue is – for someone like me, who's been in this business for so long, this issue is really crystal clear and simple to understand.

But when we get it into the political veg-o-matic it really gets confused. And I really hope to spend a lot of my time, personally, to make sure that we can try to help clarify this for our politicians. Because this is one issue we got to get right. And absolutely have got to get it right.

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**Steve Gambuzza**

You mentioned, in your remarks that you interconnected 800 megawatts of wind in Iowa, in 2008. And you know with the progress or you know the progress that's been made or likelihood of an RPS – increased likelihood of an RPS, prospectively, could you comment on kind of what the CapEx related to those interconnections were in 2008? And I think in your analyst day you identified something on the order of \$400 million as a reasonable estimate for generator interconnections over the next 10 years. Can you comment kind of on how that maybe has evolved given the developments?

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**Joseph Welch**

Well, we have looked at this and you know what we laid out on the analyst day was something in the neighborhood of around \$40 million a year. One of the things that you know I really am trying to get people to focus on and really take a hard look at, is that if we were to build Green Power Express that number changes. And it changes significantly because literally, Green Power Express starts to eliminate a lot of the stuff that we're doing.

I had an opportunity absolutely yesterday when another consultant came in. He started to layout maps for us of all the interconnection lines that are being built, in the Midwest region to interconnect this wind. And honest-to-god, it looked worse than spaghetti at an Italian diner.

It was just crisscrossed all over. And then, when you put the Green Power Express on there, you eliminate all of this hodgepodge; lack of foresight planning; interconnected one-at-a-time mentality. And it made a smooth transition.

The map looks clean. It effectuates things, so we're going to continue to integrate those renewable resources as they come. And that \$40 million is kind of a number that seems to be in the ballpark, an average. Hopefully, we'll get the go ahead on Green Power Express quickly, this year. And at that time, we'll see a marked change in how we're going to do business.

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**Steve Gambuzza**

And can you comment on what was in '08?

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**Edward Rahill**

I don't have the exact number. I believe it was in the 20s. The number that we're quoting to you was an estimate that we – that our planning group did over 10 years. That if we didn't have the Green Power Express, we just had a standard structure pathway as we have now that we would see that we would have the capacity to do about 40 a year.

The reason why we introduced the Green Power Express is that we feel that that is – that reveals the fundamental weakness of the existing infrastructure and that there's a lot more wind than that that needs to be interconnected. So while I don't have the exact number in front of me, the order of magnitude of what I just said in the high 20s, I think, represented what we saw in Iowa.

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**Steve Gambuzza**

Thank you very much.

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**Edward Rahill**

Thank you.

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**Operator**

We'll take our next question from Renee Reynolds, Gilder, Gagnon & Howe.

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**Renee Reynolds**

Hi, good morning.

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**Joseph Welch**

Good morning, Renee.

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**Renee Reynolds**

Could you just give us a quick update on the progress at the AEP joint venture. I think, previously, you guys said you were hoping to give us some sort of update by the end of '08.

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**Joseph Welch**

The update at the end of '08 is the update here, in early '09, is that we are in negotiations. And you know I don't say that tongue-in-cheek. We you know I have – personally, had several meetings regarding this.

But you know the fact is that you know to be you know really specific about it, is that I don't know how we complete one negotiation absent looking at the big picture of everything that we're involved in versus the things that they're involved in. And so, the negotiations are a little more complicated than just looking at the Great Lakes line.

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**Renee Reynolds**

OK, got it. And then, can you just kind of inform me, what would the process for Green Power be like if you don't get some of the expedited siting and/or cost allocation methodology that you're looking for?

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**Joseph Welch**

Well, here's a couple of – let's just run down the – what I consider to be at a high level, all of the things that we're looking for. Of course, we have already submitted the Green Power Express to the Midwest Independent System Operator, MISO, to review this. And we would be looking to get a report from them as quickly as possible.

Now, realize that you know this is a pretty complex line. We spent quite a bit of time designing it, so you know in fairness to them, they've got to get a fair look at it. In the meantime, we're looking to FERC to start to give us the kind of direction on the rate making mechanism so that we can start, really, what I'd call the next level of negotiations with all of the partners that we want to bring onboard.

So they'll know financially what they're investing in and what their opportunities are, OK. So that you know everybody wants to get their computer out and run a spreadsheet model on how it affects their company. And we need that clarity from FERC so that they can input those numbers.

The next process after that would be that hopefully – well, we're doing these first of all, concurrently and then we would look for that report to come out of the Midwest operator that's going to – you know in all candor, after I got the second independent consultant's study on Green Power Express, I would be shocked if their results are any different than the other two. And that they're going to report that this line has great benefit.

That this line is not going to only enable wind generation to be interconnected. What it's going to really do is get such – access to such low cost wind that it actually is lower cost, per kilowatt hour than any competing resources, including, coal without any carbon tax. So, in other words, it's the cheapest resource that we have available to us, if we can get access to it and get it to the market.

That process then is for them to issue that report. Now, at that point, we have to go back to FERC for cost allocation because the RTO process, as it is today, just simply doesn't address these kinds of projects. And the reason that we're putting this project out here is – and really making publicly known the huge benefits that are available from the project is to put this in front of the Congress while they're thinking about it.

To understand the value of a project like Green Power Express and how important this cost allocation issue is. Once we get through the cost allocation issue, then, we're down to siting. I will tell you this that I have already talked to people or some of my folks have talked to people who would be in the first stages,

of the first pieces, of the lines that will be built and I have been told, specifically, by state officials siting will not be a problem in this state.

We will not let this be a problem. Now, I can't say that broad brush for all of the states that are involved in the footprint of Green Power Express but that's why I have not gotten all ostracized about siting as much as others.

And our position on siting, so we all are clear on it, again, is that we think that the states should be involved. We just think that they should have a definite time clock that they have to make a decision on it. You know this is long lead time stuff but we can actually be and I still believe that we can be in a position where we'll start construction of the Green Power Express within 24 months.

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**Renee Reynolds**

OK, thank you.

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**Operator**

And we have no further questions at this time. I'd like to turn the conference back over to Ms. Wenzel for any closing remarks.

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**Pat Wenzel**

This concludes the question-and-answer portion of our call. Before I end the call, I'd like to thank everyone who participated today.

Anyone wishing to hear the conference call replay, available through March 5, 2009 should dial toll-free 888-203-1112, domestic or 719-457-0820, international. The passcode is 9787241.

The Webcast of this event will also be archived on the ITC Web site, at <http://investor.itc-holdings.com>. Goodbye and have a great day.

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**Operator**

This concludes today's conference. We thank everyone for their participation.

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END