



December 14, 2007

Mr. Carl Monroe
Sr. VP, Operations & Chief Operating Officer
Southwest Power Pool, Inc.
415 North McKinley
140 Plaza West
Little Rock, AR 72205

Dear Carl,

This letter is in follow-up to the discussions between us at the SPP Planning Summit in August and to those you and I had, and that I also had with Les Dillahunty, at the SPP Regional State Committee meeting on October 29 and the SPP Board of Directors meeting on October 30.

First, I want to take this opportunity to again remind you about the existing notice from ITC Grid Development ("ITC"), expressing its commitment to SPP to build, own, and operate the 765/500 kV EHV Overlay Plan (or its replacement EHV plan) in its entirety or with partners. You will recall that the notice of ITC's commitment was first made on June 26, 2007, sent to Jay Caspary and copied to Les Dillahunty, to which Jay responded on that same date. You will also recall that ITC's notice of commitment includes our willingness to enter into an agreement with SPP immediately as the EHV Project Sponsor, and also to assist in further studies, and/or the funding of required studies. I have attached copies of the earlier communication for your convenience.

Second, as a follow up to that notice, I would like to note that ITC continues to work on developing additional ideas to make the EHV Overlay Plan a reality. For example, ITC has considered the possibility of using performance tools, if appropriate and when beneficial, to show clearly the level of ITC's commitment and involvement in the Plan.

Finally, I also wanted to make you aware that ITC is ready to accompany SPP on the planned road trips to sell the EHV Overlay Plan to the involved states' stakeholders, to discuss attributes of the Plan as the party who will invest in, build, own and operate the new facilities, as part of the effort that will hopefully demonstrate to those parties this is a real project. We are willing to support your efforts in all ways to make this happen.

Sincerely,

A handwritten signature in black ink that reads "Joe Dudak".

Joseph R. Dudak
Vice President - Major Contracts & Special Projects, ITC Holdings,
On behalf of ITC Grid Development

A handwritten signature in black ink that reads "Edward M. Rahill".

Edward M. Rahill
Vice President & Chief Financial Officer, ITC Holdings,
On behalf of ITC Grid Development

Dudak, Joe

From: Dudak, Joe
Sent: Tuesday, June 26, 2007 8:42 PM
To: 'JCaspar@SPP.ORG'
Cc: Huslig, Carl; Rahill, Edward M.; 'les.dillahunty@spp.org'
Subject: SPP 765 kV Overlay Plan shown today at the Gulf Coast Power Association in Dallas

I wasn't kidding today. ITC will work with SPP in all aspects of implementing your 765 kV Overlay Plan.

As you already know, ITC will continue to support your role and your planning and study strategies in all your constituent states, including the CREZ in Texas.

Carl Huslig is your primary contact on this, but since I saw it first today officially, I felt I should state this for ITC.

The ITC conditions as I see them are simple from our side: 1) the FERC approval for rates, terms and conditions, and 2) the final approval by the SPP Board in a mutually agreeable time frame, sooner rather than later.

Carl will likely contact you soon on this too, but remember, I have witnesses John Stauffacher and John Moore today. Just kidding!

Please keep ITC at the top of your list of parties to work with to develop your plan further.

If this 765 kV Overlay Plan makes the SPP Expansion Plan as an "economic project" due to its timing, and as discussed extensively with you and other management at SPP in the last few weeks, ITC decides to "sponsor" this project before the SPP project rules/definitions/cost-allocations change, this email can be referred to as your first economic project "sponsor commitment".

Please feel free to distribute appropriately.

Thanks for your support too.

Joe

Joseph R. Dudak, VP-Major Contracts & Special Projects ITC Grid Development/ITC Holdings Corp./ITC Transmission
39500 Orchard Hill Place, Suite 200 Novi, MI 48375
Office: 248-374-7124
Mobile: 734-395-6974
Blackberry&Email: jdudak@itc-holdings.com
Admin: Dorothy Golob, (248) 374-7128, email: dgolob@itctransco.com

Dudak, Joe

From: Jay Caspary [JCaspary@SPP.ORG]
Sent: Tuesday, June 26, 2007 9:18 PM
To: Dudak, Joe
Cc: Huslig, Carl; Rahill, Edward M.; Les Dillahunty
Subject: RE: SPP 765 kV Overlay Plan shown today at the Gulf Coast Power Association in Dallas

Thanks Joe,

I appreciate your support and look forward to working closer with you and others at ITC. I think our future is starting to look pretty bright at SPP. I would be curious on what costs/capacity the ITC would propose for 345, 500 and 765kV construction in SPP. I think our assumed premium for 765 relative to 500 kV may be the key reason the preferred EHV overlay has 500kV rather than 765kV extension into the Panhandle. I struggle with that conclusion. Take care...

Jay

PS. I have corrected Les' email in this reply.

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