

August 26, 2015

The Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street NE  
Washington, DC 20426

RE: *Southwest Power Pool, Inc.*, Docket No. ER15-\_\_\_\_\_  
Submission of Notice of Cancellation of Designee Qualification and  
Novation Agreement

Dear Secretary Bose:

Pursuant to section 205 of the Federal Power Act, 16 U.S.C. § 824d, and part 35 of the Federal Energy Regulatory Commission's ("Commission") regulations, 18 C.F.R. Part 35, Southwest Power Pool, Inc. ("SPP") submits this filing to notify the Commission of the cancellation of an executed Designee Qualification and Novation Agreement ("Agreement")<sup>1</sup> among SPP, Sunflower Electric Power Corporation ("Sunflower") and ITC Great Plains, LLC ("ITC-GP") (collectively the "Parties"). SPP seeks an effective date of August 10, 2015.

### **I. Background and Notice of Cancellation**

On April 28, 2011 in Docket No. ER11-3450-000,<sup>2</sup> SPP filed the Agreement with the Commission. In the Agreement, the Parties agreed that ITC-GP would construct a project (Project ID 944) consisting of the construction of a new 345 kV double circuit transmission line, 3,000 amp or greater capacity for each circuit, from the Spearville substation to the interception point of the Mid-Kansas Electric Company line from the new Comanche County substation, totaling 55 miles, and the related upgrade of Sunflower's Spearville substation with the necessary breakers and terminal equipment (collectively, the "Project"). The Commission accepted the Agreement on June 24, 2011.<sup>3</sup>

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<sup>1</sup> The Agreement is designated as Service Agreement No. 2179.

<sup>2</sup> See Submission of Designee Qualification and Novation Agreement of Southwest Power Pool, Inc., Docket No. ER11-3450-000 (April 28, 2011).

<sup>3</sup> See *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER11-3450-000 (June 24, 2011).

Article 2 of the Agreement provides that the Agreement shall continue in full force and effect until such time as ITC-GP has transferred functional control of the Project to SPP pursuant to the requirements of the SPP Membership Agreement.<sup>4</sup> ITC-GP has advised that it has successfully fulfilled all of its obligations under the Agreement by transferring functional control of the Project to SPP as of December 18, 2014, which SPP acknowledged and agreed in writing, dated August 10, 2015.

## **II. Effective Date and Waiver**

SPP requests an effective date of August 10, 2015 for the cancellation of the Agreement. To permit such an effective date, SPP also requests a waiver of the Commission's sixty day notice requirement.<sup>5</sup> Good cause exists for such waiver because August 10, 2015 is the date that SPP acknowledged that ITC-GP had fulfilled all of its obligations under the Agreement and agreed to terminate the Agreement. The Commission has granted waivers for similar notices of cancellations of agreements to allow the cancellation to become effective on the date SPP acknowledged fulfillment of obligations.<sup>6</sup>

## **III. Service**

SPP is serving a copy of this filing on the representatives for the Parties listed in the Agreement.

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<sup>4</sup> See Agreement at Article 2.

<sup>5</sup> See 18 C.F.R. § 35.15(a).

<sup>6</sup> See *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER14-1784-000 (June 19, 2014); *Sw. Power Pool, Inc.*, Letter Order, Docket No. ER14-1733-000 (June 16, 2014).

**IV. Communications**

Correspondence and communications with respect to this filing should be sent to, and SPP requests that the Secretary include on the official service list, the following:

Tessie Kentner  
Attorney  
Southwest Power Pool, Inc.  
201 Worthen Drive  
Little Rock, AR 72223  
Telephone: (501) 688-1782  
[tkentner@spp.org](mailto:tkentner@spp.org)

Nicole Wagner  
Manager - Regulatory Policy  
Southwest Power Pool, Inc.  
201 Worthen Drive  
Little Rock, AR 72223  
Telephone: (501) 688-1642  
[jwagner@spp.org](mailto:jwagner@spp.org)

Respectfully submitted,

/s/ Tessie Kentner  
Tessie Kentner  
**Attorney for Southwest  
Power Pool, Inc.**

Southwest Power Pool, Inc.  
Original Service Agreement No. 2179

## **DESIGNEE QUALIFICATION AND NOVATION AGREEMENT**

**This Designee Qualification and Novation Agreement** (this “Agreement”) is entered into this 22nd day of March, 2011 (“Execution Date”) by and between Southwest Power Pool, Inc. (“SPP”), an Arkansas not for profit corporation, ITC Great Plains, LLC, a Michigan limited liability company (“ITC GP”), and Sunflower Electric Power Corporation, a Kansas not-for-profit corporation (“Sunflower”), herein referred to individually as “Party” and together as “Parties.”

**WHEREAS**, SPP, ITC GP, and Sunflower are signatories to the SPP Membership Agreement; and

**WHEREAS**, SPP has issued a Notification to Construct (“NTC”) SPP-NTC-20101, which is attached hereto as Attachment 1, to Sunflower pursuant to the SPP Membership Agreement and Attachment O of the SPP Open Access Transmission Tariff (“SPP OATT”) in order to direct Sunflower to construct a project (Project ID 944), consisting the construction of a new 345 kV double circuit transmission line, 3,000 amp or greater capacity for each circuit, from the Spearville substation to the interception point of the Mid-Kansas Electric Company (Mid-Kansas) line from the new Comanche County substation, totaling 55 miles, and the related upgrade of Sunflower’s Spearville substation with the necessary breakers and terminal equipment, such line and associated substation upgrades defined herein and referred to as the “Project;” and

**WHEREAS**, SPP through the NTC further instructs Sunflower to coordinate the Project with other constructing Designated Transmission owners; and

**WHEREAS**, each of ITC GP and Sunflower has entered into a Stipulation and Agreement and a Second Stipulation and Agreement (“Stipulations”) filed with and approved by the Kansas Corporation Commission in Docket Nos. 08-ITCE-936-COC, 08-ITCE-937-COC, 08-ITCE-938-COC, and 08-PWTE-1022-COC, by which Sunflower agreed that the Project is to be constructed by ITC GP; and

**WHEREAS**, under the Stipulations, each of ITC GP and Sunflower has agreed to take such actions as are necessary upon receipt of an NTC to arrange for ITC GP to build the Project; and

**WHEREAS**, the Parties desire to set forth their respective rights and obligations during the construction of the Project in order to promote the construction of transmission infrastructure in Kansas and to facilitate the construction of transmission facilities in SPP.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**Article 1. Definitions.** Wherever used in this Agreement with initial capitalization, such words shall have the meaning specified or referred to in the SPP Membership Agreement or Attachment O of the SPP OATT.

**Article 2. Term of Agreement.** This Agreement shall become effective on the later of the Execution Date or April 1, 2011 ("Effective Date") and shall continue in full force and effect until such time as ITC GP has transferred functional control of the Project to SPP pursuant to the requirements of the SPP Membership Agreement. Notwithstanding the preceding in this Article 2, Section 4.3 herein shall remain in effect and survive expiration of the term of this Agreement.

**Article 3. Representations and Warranties.** ITC GP hereby represents, warrants and covenants as follows:

**3.1 Good Standing.** ITC GP is a duly organized and validly existing limited liability company in good standing under the laws of the state of Michigan, is qualified to do business and is authorized to fulfill the terms of this Agreement in the State of Kansas.

**3.2 Authority.** ITC GP has the right, power and authority to enter into this Agreement, to become a party hereto and to perform its obligations hereunder, and this Agreement is a legal, valid and binding obligation of ITC GP, enforceable against ITC GP in accordance with its terms.

**3.3 No Conflict.** The execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, bylaws or operating agreements, of ITC GP, or any judgment, license, permit or order or material agreement or instrument applicable to or binding upon ITC GP or any of its assets.

**3.4 Solvency.** ITC GP is financially solvent and is financially capable of fulfilling its obligations under this Agreement. In addition, ITC GP has arranged for a performance guaranty by and between ITC Holdings Corp., its corporate parent, and SPP whereby ITC Holdings Corp. guarantees the performance of this Agreement by ITC GP, a fully executed copy of which is attached hereto as Attachment 2. ITC Holdings Corp. and ITC GP shall maintain the performance guaranty in full effect during the term of this Agreement.

**Article 4. Construction of the Project.**

**4.1 ITC GP Rights and Obligations as a Transmission Owner.** Subject to Section 4.2, ITC GP shall undertake the obligations as a Transmission Owner under the SPP Membership Agreement and OATT at its own expense, to design, procure, construct, install, own and operate the Project under such terms as are contained in the NTC issued by SPP to Sunflower for the Project (SPP-NTC-20101).

**4.2 SPP's Rights and Obligations.** SPP has recognized ITC GP as a Transmission Owner under the SPP Membership Agreement and OATT. Such membership status for ITC GP includes, but is not limited to, the right to be fully compensated to the greatest extent permitted by the Commission for the costs of constructing the Project, more particularly as described in Section 3.3(a) of the SPP Membership Agreement and Section VIII (2) of Attachment O and Section VIII of Attachment J of the OATT. SPP may enforce all of its rights against ITC GP as it could against any Transmission Owner pursuant to the SPP Membership Agreement.

**4.3 Release of Sunflower.** The Parties acknowledge and agree that Sunflower's arrangement, pursuant to the Stipulations, for ITC GP to build and own the Project in Sunflower's place shall constitute complete satisfaction of Sunflower's obligation to build and own the Project pursuant to the SPP Membership Agreement (including but not limited to Section 3.3 of the SPP Membership Agreement), Attachment O of the SPP OATT, and the NTC issued by SPP to Sunflower for the Project (SPP-NTC-20101). SPP hereby releases Sunflower of its obligation to build and own the Project as imposed by the SPP Membership Agreement, Attachment O of the SPP OATT and the NTC issued by SPP to Sunflower for the Project (SPP-NTC-20101), effective on the Effective Date of this Agreement. Sunflower shall have no further obligation to build and own the Project under the SPP Membership Agreement, Attachment O of the SPP OATT, and the NTC issued by SPP to Sunflower for the Project (SPP-NTC-20101), notwithstanding any failure of ITC GP to build and own the Project and notwithstanding the expiration or termination of this Agreement. Likewise, Sunflower shall not be released from any obligation under the SPP Membership Agreement which release has not been explicitly granted in this Agreement and which obligation has not been explicitly assigned to ITC GP by Sunflower.

**4.4 Failure to Implement the Project in a Timely Manner.** In the event ITC GP fails to fulfill its obligations under this Agreement, including the terms specified in the Notifications to Construct issued to Sunflower for the Project, SPP shall deem the obligation to build the Project in a timely manner as specified in Section 3.3 (c) of the SPP Membership Agreement and Attachment O of SPP's OATT as being breached and may solicit and evaluate proposals for the Project from other entities and select a replacement to build and/or own the Tariff Facilities in a manner specified in SPP's OATT.

**Article 5. Filing.**

**5.1** SPP shall file this agreement with the Federal Energy Regulatory Commission ("FERC") as soon as practicable for acceptance or approval.

**5.2** If the FERC accepts this Agreement for filing, but subject to modification or change, and requires a compliance filing by any or all of the Parties, the Parties shall evaluate whether such required compliance filing materially changes or frustrates the intent of this Agreement. If a Party determines, in good faith, that the changes or

modifications required by the FERC constitute a material change or may frustrate the intent of the Agreement, the Parties agree to negotiate in good faith to establish new terms and conditions that place the Parties in the same position as bargained for in this Agreement. SPP may, based on its sole judgment, condition the new terms and conditions to the approval by the SPP Board of Directors. Any change to this Agreement required by FERC for the compliance filing shall be subject to review and approval by the Parties. If within thirty (30) days after the FERC's conditional acceptance of the Agreement, or such other reasonable time period as may be mutually agreed to by the Parties, the Parties have not reached agreement on new terms and conditions or, if the amended Agreement is not subsequently unconditionally approved or accepted by the FERC, the Agreement shall be void, and no Party shall have further obligations to another Party hereunder.

**Article 6. Termination.** Notwithstanding anything to the contrary contained herein, this Agreement may only be terminated upon the mutual agreement of the Parties.

In Witness Whereof, the Parties have each executed this Designee Qualification as of the date first written above.

Southwest Power Pool, Inc.

By:           /s/ Carl Monroe          

Name:           Carl Monroe          

Title:           EVP & COO

ITC GREAT PLAINS, LLC, a Michigan limited liability company

By: ITC Grid Development, LLC, its sole member

By: ITC Holdings Corp., its sole member

By:           /s/ Daniel J. Oginsky          

Name:           Daniel J. Oginsky          

Title:           Sr. Vice President & General Counsel          

Sunflower Electric Power Corporation

By:           /s/ Noman L. Williams          

Name:           Noman L. Williams          

Title:           Vice President, Transmission Policy

## **Attachment 1**

# **SPP**

## **Notification to Construct**

June 30, 2010

SPP-NTC-20101

Mr. Noman Williams  
Sunflower Electric Power Corp.  
301 W. 13th Street  
Hays, KS 67601

*RE: Notification to Construct Approved Priority Projects*

Dear Mr. Williams,

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. (“SPP”) Membership Agreement and Attachment O, Section VIII, of the SPP Open Access Transmission Tariff (“OATT”), SPP provides this Notification to Construct (“NTC”) directing Sunflower Electric Power Corp. (“SEPC”), as the Designated Transmission Owner, to construct the Network Upgrades.

During the April 27, 2010 meeting, the SPP Board of Directors approved the Group 2 Priority Projects as presented in the SPP Priority Projects, Rev. 1 report with the provision that NTC letters for the projects would not be issued until the Federal Electric Reliability Corporation (“FERC”) made a favorable ruling on the highway/byway cost allocation methodology. On June 17, 2010, FERC issued Order 131 FERC ¶ 61,252 approving the Highway/Byway cost allocation methodology. On June 23, 2010, the SPP Board of Directors authorized issuance of NTCs for the Priority Projects.

### **New Network Upgrades**

**Project ID:** 944

**Project Name:** Line – Spearville - Comanche County - Medicine Lodge - Wichita 345 kV  
double circuit\*

**Estimated In-Service Date for Project:** 12/31/2014

**Estimated Cost for Project:** \$356,300,000 (cost for entire project including all entities)

**Estimated Cost Source:** ITC Great Plains

**Date of Cost Estimate:** October 2009 (WR and ITC Great Plains) and June 2010 (ITC Great Plains)

**Network Upgrade ID:** 11250, 11251

**Network Upgrade Description:** Double circuit 345 kV line from the Spearville substation to the Mid-Kansas Electric Company (“MKEC”) interception point from the new Comanche County substation.

**Network Upgrade Owner:** SEPC

**MOPC Representative:** Noman Williams

**TWG Representative:** Noman Williams

**Categorization:** High priority

**Network Upgrade Specification:** Build 345 kV double circuit transmission; 3,000 amp or greater capacity for each circuit, from the Spearville substation to the MKEC interception point from the new Comanche County substation. The total mileage of this Spearville-Comanche County line is 55 miles. MKEC and SEPC shall decide who shall build how much of these Network Upgrades and shall provide such information, along with specific cost estimates for each Designated Transmission Owner's portion of the Network Upgrades, to SPP in its response to this NTC. Upgrade the Spearville substation with the necessary breakers and terminal equipment.

**Network Upgrade Justification:** Priority Projects

**Estimated In-Service Date for Network Upgrade:** 12/31/2014

**Estimated Cost for Network Upgrade (current day dollars):** To be provided by Designated Transmission Owner(s)

**Cost Allocation of the Network Upgrade:** Base Plan

\* This project may be revised in early 2011 to require the project be built at a higher voltage.

### **Commitment to Construct**

Please provide to SPP a written commitment to construct the Network Upgrade(s) within 90 days of the date of this Notification to Construct, pursuant to Attachment O, Section VIII.6 of the SPP OATT, in addition to providing a construction schedule for the Network Upgrade(s). Failure to provide a written commitment to construct as required by Attachment O could result in the Network Upgrade(s) being assigned to another entity.

### **Coordination with Neighbors**

SEPC is responsible for coordinating these jointly owned projects with other constructing Designated Transmission Owners. Coordination includes, but is not limited to, construction specifications, facility ratings, interception location, and construction timing.

### **Notification of Commercial Operation**

Please submit a notification of commercial operation for each listed Network Upgrade to SPP as soon as the Network Upgrade is complete and in-service. Please provide SPP with the actual costs of the Network Upgrade(s) as soon as possible after completion of construction. This will facilitate the timely billing by SPP based on actual costs.

### **Notification of Progress**

On an ongoing basis, please keep SPP advised of any inability on SEPC's part to complete the approved Network Upgrade(s). For project tracking purposes, SPP requires SEPC to submit updates on the status of the Network Upgrade(s) on a quarterly basis in conjunction with the SPP Board of Directors meetings. However, SEPC shall also advise SPP of any inability to comply with the Project Schedule as soon as the inability becomes apparent.

All terms and conditions of the SPP OATT and the SPP Membership Agreement shall apply to this Project, and nothing in this NTC shall vary such terms and conditions.

Don't hesitate to contact me if you have questions or comments regarding these instructions. Thank you for the important role that you play in maintaining the reliability of our electric grid.

Sincerely,

/s/ Bruce Rew

Bruce Rew

Vice President, Engineering

Phone (501) 614-3214 • Fax: (501) 821-3198 • BRew@spp.org

cc: Carl Monroe, Les Dillahunty, Katherine Prewitt, Tom Hestermann, Clarence Stuppes, Al Tamimi

## **Attachment 2**

## PARENT PERFORMANCE GUARANTY

THIS PARENT PERFORMANCE GUARANTY (this “Guaranty”) is made as of March 22, 2011 by ITC Holdings Corp., a Michigan corporation (“Guarantor”), in favor of Southwest Power Pool, Inc., an Arkansas not for profit corporation (“SPP” or the “Guaranteed Party”).

### RECITALS

WHEREAS, the Guaranteed Party, ITC Great Plains, LLC, a Michigan limited liability company and a wholly-owned indirect subsidiary of Guarantor (“ITC GP”), and Sunflower Electric Power Corporation, a Kansas not for profit corporation (“Sunflower”), have entered into that certain Designee Qualification and Novation Agreement dated as of March 22, 2011 (as may be changed, modified, amended, restated, replaced or substituted from time to time, the “Agreement”), pursuant to which ITC GP, Sunflower and the Guaranteed Party have agreed, subject to the terms and conditions therein, that ITC GP shall design, procure, construct, install, own and operate the ITC Project (as defined in the Agreement);

WHEREAS, to induce the Guaranteed Party to enter into the Agreement and consummate the transactions contemplated thereby, Guarantor has agreed to execute and deliver this Guaranty; and

WHEREAS, the execution and performance by the Guaranteed Party of the Agreement and the transactions contemplated thereby will benefit Guarantor, and without this Guaranty, the Guaranteed Party would not execute and deliver the Agreement or consummate the transactions contemplated thereby.

NOW, THEREFORE, in consideration of the premises, the execution and delivery by the Guaranteed Party of the Agreement, the consummation of the transactions contemplated thereby and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Capitalized Terms. Any capitalized terms used herein and not defined herein shall have the respective meanings assigned thereto in the Agreement.

2. Guaranty of Performance.

(a) The Guarantor hereby unconditionally and irrevocably guarantees to the Guaranteed Party the performance of any and all obligations of ITC GP arising under the Agreement, to the extent and only to the extent ITC GP would be liable to the Guaranteed Party for performance thereof under the Agreement, and subject to the terms and conditions of this Guaranty (including, but not limited to, Section 2(b) hereof) and to each and every limitation and defense on ITC GP’s obligations under the Agreement (such obligations of ITC GP in this Section 2 referred to herein as the “Guaranteed Obligations”). Nothing in this Guaranty shall be deemed to waive or limit Guarantor’s ability to assert any claims, defenses, limitations or other

rights that ITC GP may have under the Agreement, the SPP Membership Agreement and/or the SPP Open Access Transmission Tariff (“OATT”).

(b) Upon the occurrence of ITC GP’s breach of the Agreement that has not been cured to the reasonable satisfaction of the Guaranteed Party within 30 days of ITC GP’s receipt of written notice from the Guaranteed Party detailing the particulars of such breach, Guarantor shall commence performance of the Guaranteed Obligations; provided, however, that, notwithstanding anything to the contrary contained herein, Guarantor’s obligations to perform the Guaranteed Obligations are subject to the Guaranteed Party having extended and granted to Guarantor any and all rights contemplated to be extended or granted to ITC GP under the Agreement that are necessary, convenient or advisable to enable ITC GP to perform the Guaranteed Obligations.

3. Nature of Guaranty. This is a Guaranty of performance, and not of payment. Guarantor’s guaranty of the Guaranteed Obligations hereunder will not be released or discharged by any of the following:

(a) any insolvency, bankruptcy or similar proceeding affecting ITC GP or its assets or any defense that may arise in such insolvency, bankruptcy or similar proceeding;

(b) any change in the corporate existence, structure or ownership of Guarantor or ITC GP or any assignment by ITC GP of its rights or obligations under the Agreement; or

(c) the existence of any breach or dissolution of ITC GP in connection with the Agreement; provided, however, that nothing in this Guaranty will be deemed to waive or limit ITC GP or Guarantor’s ability to assert any claims, defenses, limitations or other rights that ITC GP may have under the Agreement, the SPP Membership Agreement and/or the OATT.

4. Effectiveness of Guaranty. This Guaranty shall be in full force and effect to the extent the Agreement is in full force and effect, it being understood that this Guaranty shall terminate and be of no further force and effect upon the first to occur of the (a) performance of all Guaranteed Obligations and (b) termination of the Agreement. A condition to the termination of the Guaranty is a written acknowledgment and acceptance of such termination by the Guaranteed Party, such acknowledgment and acceptance not to be unreasonably withheld, conditioned or delayed.

5. Waivers. Subject to Guarantor’s rights under Section 2(b) hereof, Guarantor hereby unconditionally and irrevocably waives each and every defense which, under principles of guarantee or suretyship law, would otherwise operate to impair or diminish its liability under this Guaranty, other than the prior performance of all Guaranteed Obligations, and in all events without waiving Guarantor’s rights hereunder or its ability to assert any claims, defenses, other rights or limitations on obligations that ITC GP may have under the Agreement. Subject to Guarantor’s rights under Section 2(b) hereof, Guarantor hereby unconditionally waives (a) presentment, protest, and all notices of any kind, including, without limitation: notice of acceptance hereof or notice of the creation of any of the Guaranteed Obligations (in each case except for any notices required to be delivered hereunder to Guarantor or under the Agreement to ITC GP); (b) any subrogation to the rights of the Guaranteed Party against ITC GP; and (c) any

setoffs or counterclaims against the Guaranteed Party which would otherwise impair the Guaranteed Party's rights against the Guarantor hereunder, without waiving any limitations on or defenses to the Guaranteed Obligations under the Agreement.

6. Representations and Warranties. Guarantor represents and warrants that:

(a) it is a corporation duly organized, validly existing, and in good standing under the laws of the State of Michigan and has all requisite corporate powers and authority to execute, deliver and perform this Guaranty;

(b) the execution, delivery, and performance by Guarantor of this Guaranty had been duly authorized by all necessary corporate action on the part of Guarantor; and

(c) this Guaranty has been duly executed and delivered and constitutes the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms, subject to (i) applicable bankruptcy, receivership, reorganization, insolvency, moratorium, and other laws and judicially developed doctrines relating to or affecting creditors' rights and remedies generally, and (ii) general principles of equity, regardless of whether such enforcement is considered in a proceeding in equity or at law, and limitations on the availability of specific performance, injunctive relief and other equitable remedies.

7. Severability. Any term or provision of this Guaranty that is invalid or unenforceable in any situation in any jurisdiction will not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

8. Notices. All notices and other communications required or permitted to be given hereunder shall be in writing and shall be (i) delivered by hand, (ii) delivered by a nationally recognized commercial overnight delivery service, (iii) mailed postage prepaid by certified mail in any such case directed or addressed to the respective addresses set forth below or (iv) transmitted by facsimile to the facsimile number set forth below, with receipt confirmed. Such notices shall be effective: (a) in the case of hand deliveries, when received; (b) in the case of an overnight delivery service, on the next business day after being placed in the possession of such delivery service, with delivery charges prepaid; (c) in the case of certified mail, upon receipt of the written signature card indicating acceptance by addressee; and (d) in the case of facsimile notices, the business day on the date on which electronic indication of receipt is received. Any party may change its address and facsimile number by written notice to the other party given in accordance with this Section, following the effectiveness of which notice such party's address or facsimile number shall be updated accordingly.

If to Guarantor, to:

ITC Holdings Corp.  
27175 Energy Way  
Novi, Michigan 48377  
Attention: Daniel J. Oginsky, Esq., Senior Vice President and General Counsel  
Facsimile: 248.946.3562

If to the Guaranteed Party:

Southwest Power Pool, Inc.  
415 North McKinley, Suite 140  
Little Rock, Arkansas 72205-3020  
Attn: Heather Starnes, Manager – Regulatory Policy  
Facsimile: 501.664.9553

9. Entire Agreement. This Guaranty constitutes the entire agreement between the Guaranteed Party and Guarantor with respect to the subject matter hereof, superseding all previous communications and negotiations.

10. Assignment. This Guaranty inures to the benefit of the successors and assigns of Guaranteed Party and is binding on the successors and permitted assigns of Guarantor. Neither party hereto may assign this Guaranty without the prior written consent of the other party.

11. Construction of Agreement. This Guaranty was negotiated by the parties with the benefit of legal representation and any rule of construction or interpretation otherwise requiring this Guaranty to be construed or interpreted against any party shall not apply to any construction or interpretation hereof.

12. No Waiver. Any forbearance or failure to exercise, and any delay by any party in exercising, any right, power or remedy hereunder will not impair any such right, power or remedy or be construed to be a waiver thereof, nor will it preclude the further exercise of any such right, power or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law, by agreement or otherwise.

13. Modifications. Unless otherwise specifically provided herein, this Guaranty may be altered, modified, varied or waived, in whole or in part, only by a written modification executed by the duly authorized representatives of each of the parties.

14. Captions. The captions and section headings in this Guaranty are inserted for convenience of reference only and are not intended to have significance for the interpretation of or construction of the provisions of this Guaranty.

15. Governing Law. This Guaranty shall be governed by, construed, and enforced in accordance with the laws of Arkansas, without regard to conflicts of law principles. Guarantor agrees that exclusive jurisdiction and venue for any legal action arising under this Guaranty shall be in the Circuit Court of Pulaski County, Arkansas, or the United States District Court for the Eastern District of Arkansas located in Little Rock, Arkansas.

16. Counterparts. This Guaranty may be executed in any number of counterparts by the parties, each of which when so executed will be an original, but all of which together will constitute one and the same instrument. To facilitate execution of this Guaranty, the parties may execute and exchange counterparts of the signature pages to this Guaranty via email or facsimile.

**IN WITNESS WHEREOF**, the parties have each executed this Guaranty as of the date first written above.

**ITC HOLDINGS CORP.**

By:           /s/ Daniel J. Oginsky            
Daniel J. Oginsky, Senior Vice President  
and General Counsel

**SOUTHWEST POWER POOL, INC.**

By:                                   /s/ Carl Monroe                                    
Name:                                   Carl Monroe                                    
Title:                                   EVP & COO