

Welcome to Partners in Business

October 18, 2023



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FOR THE GREATER GRID

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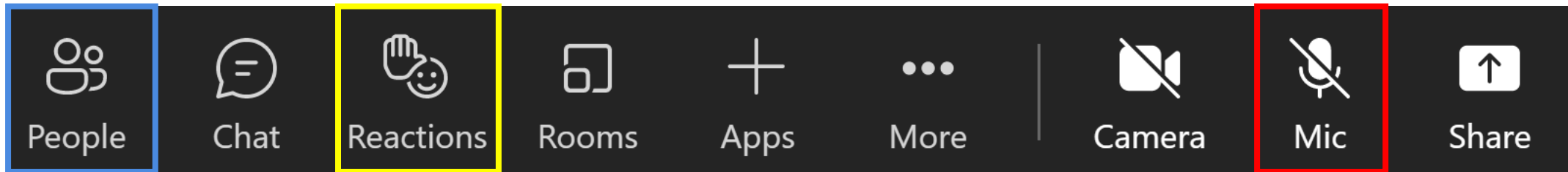
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Today's Facility and Meeting Accommodations

- Register for meeting: sign-in and enter drawing
- Refreshments
- Relax, enjoy and ask questions
- Restroom and facility locations
- Lunch
- Professional Development Hours (PDH) Attendance Form
 - Reach out to Aaron Curtis in-person or email
- Introductions

Virtual Meeting Reminders



Click “People” to view virtual participants

If you have a question, please raise your hand and we will call on you

Please stay on mute unless you have a question

Presentations Available Online

ITC Midwest Partners in Business website:

<https://www.itc-holdings.com/op/itc-midwest/midwest-partners-in-business>

MISO OASIS website:

<http://www.oasis.oati.com/ITCM/index.html>

Feedback for today's meeting:

<https://forms.office.com/r/M1wdniVRAY>



Today's Themes

ITC Midwest and the External Landscape

Dusky Terry, Jennifer Rhuppiah and Phillip Jovanovski

Project Planning & Economic Development

Robert Walter

Operations

Abubaker Elteriefi and Josh Hurst

2024 Formula Rate

Kyle Beaudrie

Economic Development

Craig Harmes – Dairyland Power Cooperative

Warren Hess – Central Municipal Power Agency/Services

Bryan Skogheim – Freeborn Mower Electric Cooperative

Safety Message



Aaron Curtis

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ITC Midwest Update



Dusky Terry

President, ITC Midwest
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State Regulatory Update



Jennifer Rhuppiah

Manager, Regulatory Strategy
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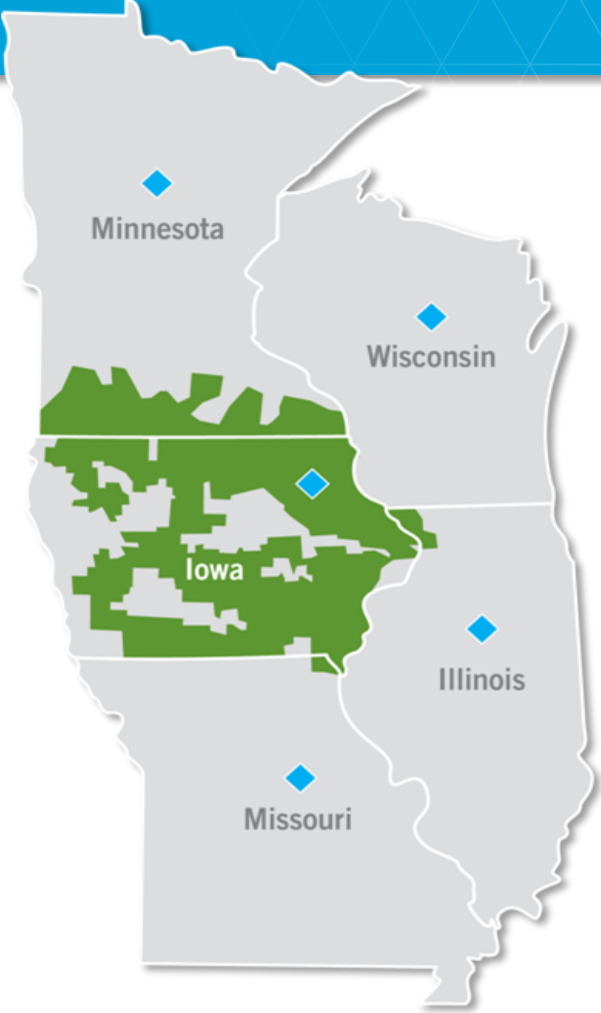


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Regulatory Strategy

Engagement and
Transparency

Training and
Information



- ITC Midwest
- ◆ FERC-Regulated
Transmission Owner



Iowa:

- Long Range Transmission Planning (LRTP)
- Executive Order 10 – Rules Review

Franchises Received Since May:

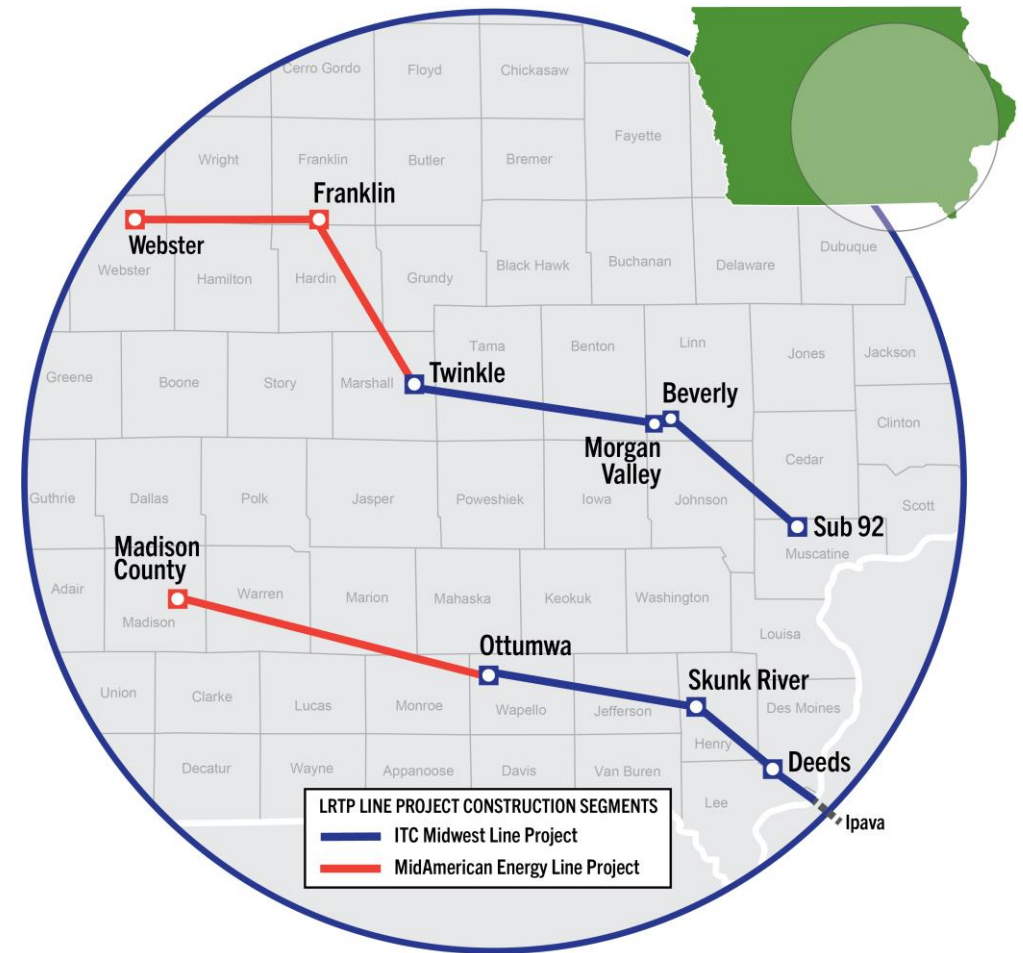
Extensions: 5
Amendments & Taps: 1
New Franchises: 1
Audit Filings: 4

Total: 11



LRTP Projects

- Long Range Transmission Planning (LRTP) projects are kicking off
- PI meetings have started, and the franchise process will continue over the next couple of years
- Cost of these projects is shared regionally
 - Significant cost-benefit for customers in our portion of the MISO footprint



Note: Map is for illustrative purposes and is not indicative of proposed or suggested routes.



Executive Order 10

- **January 10, 2023, Governor Reynolds signed Executive Order 10.**
 - Moratorium on administrative rulemaking and required a review of all administrative rules.
 - Agencies (including the IUB) are to conduct comprehensive evaluations and rigorous cost benefit analysis of rules to weigh the public benefits.





Minnesota Topics:

- Commission remains the same
- No new topics directly impacting transmission regulation



Sieben



Sullivan



Means



Schuerger



Tuma



Climate and Equitable Jobs Act (CEJA) and Renewable Energy Access Plan (REAP)

• CEJA

- Legislation to fight climate change, reduce emission
- and lead to significant job creation.
- Puts the state on a path to 40% renewable energy by 2030 and 50% by 2040.
- Establishes a goal of adopting 1,000,000 electric vehicles in Illinois by 2030.



• REAP

- ICC opened an investigation to develop and adopt a renewable energy access plan (REAP) to improve transmission capacity to support renewable energy expansion.
- Draft orders for the REAP were submitted



Wisconsin Topics:

- Commission change
- No new topics directly impacting transmission regulation



Valcq



Huebner



Strand

Thank you!



Jennifer Rhuppiah

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Federal Regulatory Update



Phillip Jovanovski

Associate Analyst, Regulatory Strategy
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FERC Commissioners



FERC



Chairman Willie Phillips (D)
Term Expires 6/30/2026



Commissioner James Danly (R)
Term Expired 6/30/2023



Commissioner Allison Clements (D)
Term Expires 6/30/2024



Commissioner Mark Christie (R)
Term Expires 6/30/2025



Vacant
Term Expires 6/30/2027

Current Landscape and Priorities



Transmission continues to have its moment under the sun

Chairman Phillips' "Three-Legged Stool" of priorities:

- **Reliability**
 - Physical and cyber security standards
- **Affordability**
 - Generator interconnection
 - Transmission planning
 - Cost Management
- **Sustainability**
 - Environmental justice and equity
 - Transparency and public participation

Order 2023 - Interconnection Queue Reform

FERC issued landmark Order 2023 in July to address queue backlogs, provide certainty, and prevent undue discrimination for new technologies in the interconnection process. Among the key reforms:

- First-ready, first-served cluster study process
- Increased financial commitments and readiness requirements
- Eliminated the “reasonable efforts” standard for completing interconnection studies and imposes deadlines and penalties to incentivize timely studies
- Established a detailed affected system study process
- Requires evaluation of alternative transmission technologies
- However, FERC didn’t intend to derail existing queue reform efforts

Order 2023 – Continued

Requests for rehearing were filed in August 2023 and the matter is now ripe for appeal

- Compliance filings for transmission providers are due December 5th, but there are multiple pending requests to extend this compliance deadline
 - On compliance, MISO and other transmission providers will be able to demonstrate their ongoing queue reform efforts are consistent with or superior to the provisions found in Order 2023



What's Next? Near-term Priorities

Regional transmission planning and cost allocation (April 2022)

- Would require long-term, scenario-based transmission planning; enhanced transparency; formal role for states in developing cost allocation; reinstatement of federal rights of first refusal for some projects
- ITC filed initial comments in August 2022 and reply comments in September 2022

Transmission planning and cost management (December 2022)

- FERC held a technical conference in October 2022 to explore the topic
- Solicited comments related to asset management and local planning, cost variance analysis, Independent Transmission Monitor concept, formula rates and prudency reviews, gaps between federal and state regulatory processes
- ITC filed initial comments in March 2023 and reply comments in April 2023

Other Open Proceedings

Transmission incentives (April 2020 / March 2021)

- Would shift policy to focus on benefits to customers rather than risks and challenges of a project; provide project-specific ROE adders for projects providing defined economic and reliability benefits; sunset RTO adder after 3 years (as supplemented in March 2021)

Minimum interregional transfer capability (February 2023)

- FERC held a technical conference in December 2022 to discuss how interregional transfer capability should be valued, considerations around developing a minimum requirement, and cost allocation for new facilities
- ITC filed initial comments May 2023 and reply comments in June 2023

Other Open Proceedings – Continued

Physical Security of the Grid

- **Due to a constantly evolving threat landscape, physical security has been the focus of multiple proceedings before FERC recently**
 - Nov. 2022 – Technical conference on reliability and physical security of the BPS
 - Dec. 2022 – Joint FERC/DOE technical conference on supply chain risk management
 - April 2023 – NERC submitted a report to FERC on the adequacy of existing Physical Security Reliability Standards
 - August 2023 – Joint FERC/NERC technical conference on the findings in NERC’s report
 - ITC’s Vinit Gupta (Vice President, Operations) participated in a panel discussion regarding physical security best practices and operational preparedness

Questions?



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Jennifer Rhuppiah

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Break

ITC Midwest Planning Projects Update



Robert Walter

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MTEP 24 – ITC Midwest Project Submittals

MTEP Process Overview

Projects are submitted in September for approval in following December

- MTEP 24 projects submitted in September 2023, approval by MISO in December 2024

MISO to hold 3 Subregional planning meetings each MTEP cycle

- ITC Midwest projects covered in the West Subregional Planning Meeting or West SPM
- First Subregional Planning Meeting is held in 1st quarter of the year
- Second Subregional held in 2nd quarter
- Third Subregional Planning Meeting held in 3rd quarter of the year prior to MTEP plan being finalized and moved through the MISO approval process



MTEP Process - How to get involved

MISO seeks stakeholder feedback and any alternatives for select projects

- Questions on projects can be submitted directly to MISO if stakeholders want questions documented in the MTEP report/process
- Generally, baseline reliability or similar projects can have alternatives submitted for consideration in the MISO planning process

New MISO Planning Portal will provide stakeholders ability to view project information as submitted to MISO

- Currently project information is put in an excel file and posted on MISO's public website quarterly



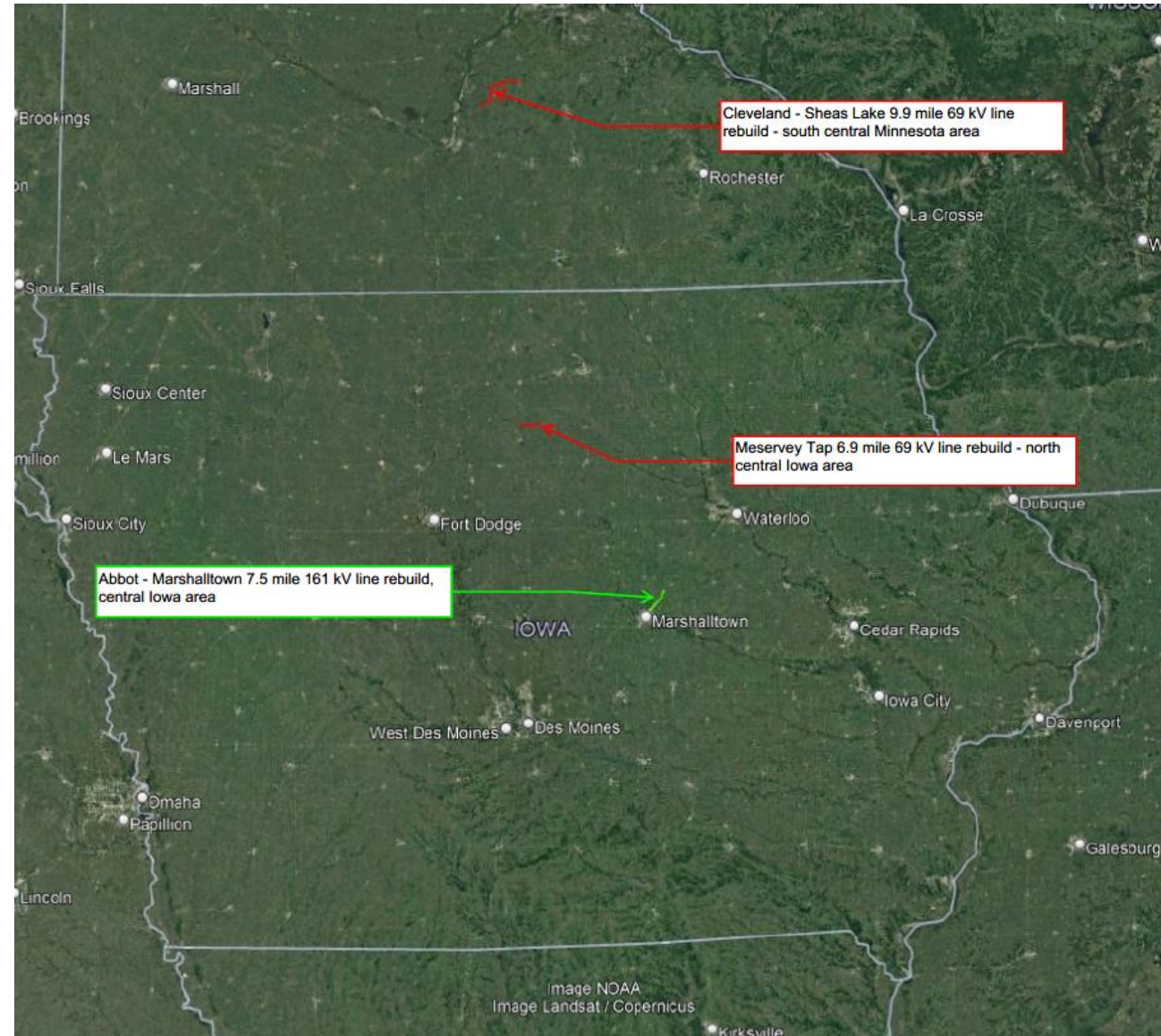
ITC Midwest MTEP 24 Projects

- **Three** line rebuild projects driven by age and condition of assets
- **Two** substation upgrade projects driven by age and condition of assets
 - Replacement of relays, control enclosures, transformers
- **Seven** customer connection projects
- **Twelve** generator interconnection projects
- **Three** Blanket Projects
 - Asset management, small customer interconnection with short lead time, and new SCADA controlled motor operator switch addition blanket



MTEP 24 Line Rebuilds

- **Meservey 69 kV Tap Rebuild – 6.9 miles**
 - Line is at the end of its useful life in need of replacement
 - Line currently does not have a shield wire (no lightning protection) and will be rebuilt to modern standards with a shield wire
- **Abbot – Marshalltown 161 kV Rebuild – 7.5 miles**
 - Line is at the end of its useful life in need of replacement
 - Continuation of rebuild of line between Marshalltown and Traer which has had past performance issues and after an engineering review a rebuilt was determined to be best course of action to address issues
- **Cleveland – Sheas Lake 69 kV Rebuild – 9.9 miles**
 - Line is at the end of its useful life in need of replacement
 - Request to increase thermal rating from GRE/Grid Northern Partners to help address congestion in Mankato, MN area



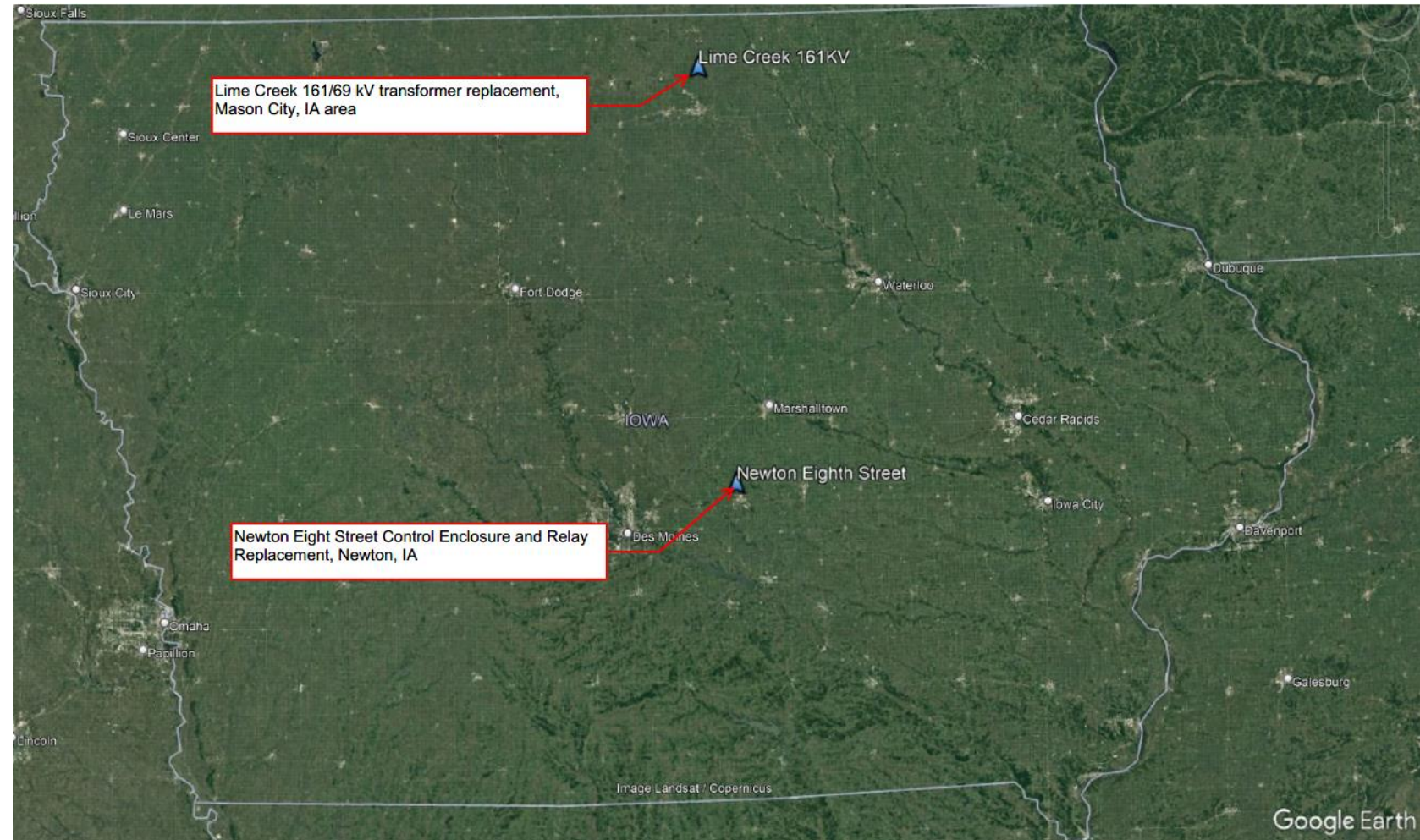
MTEP 24 Station Upgrades

- **Lime Creek 161/69 kV Transformer Replacement (Mason City, IA area)**

- Two existing 161/69 kV transformers are at the end of their useful life and in need of replacement
- ITC Midwest planning was able to determine that the two existing transformers can be replaced with a single new unit without compromising area reliability

- **Newton 8th St Control Enclosure and Relay replacement**

- Existing control enclosure and relays are at the end of their useful life and in need of replacement



MTEP 24 Customer Connections – 34.5 to 69 kV Conversion Related

• Boone South Substation

- New IPL/ITCM joint substation in Boone, IA to support 34.5 to 69 kV conversion between Boone and Grand Junction, IA
- Substation will provide improved reliability in the Boone – Grand Junction area and allow existing distribution substations to be retired and replaced with the new joint IPL/ITCM substation

• Walcott 80 Substation

- New IPL/ITCM joint substation in Walcott, IA area to support 34.5 to 69 kV conversion between Fulton and Dixon (CIPCO)
- Substation will provide improved reliability in the Walcott area and allow existing distribution substations to be retired and replaced with the new joint IPL/ITCM substation



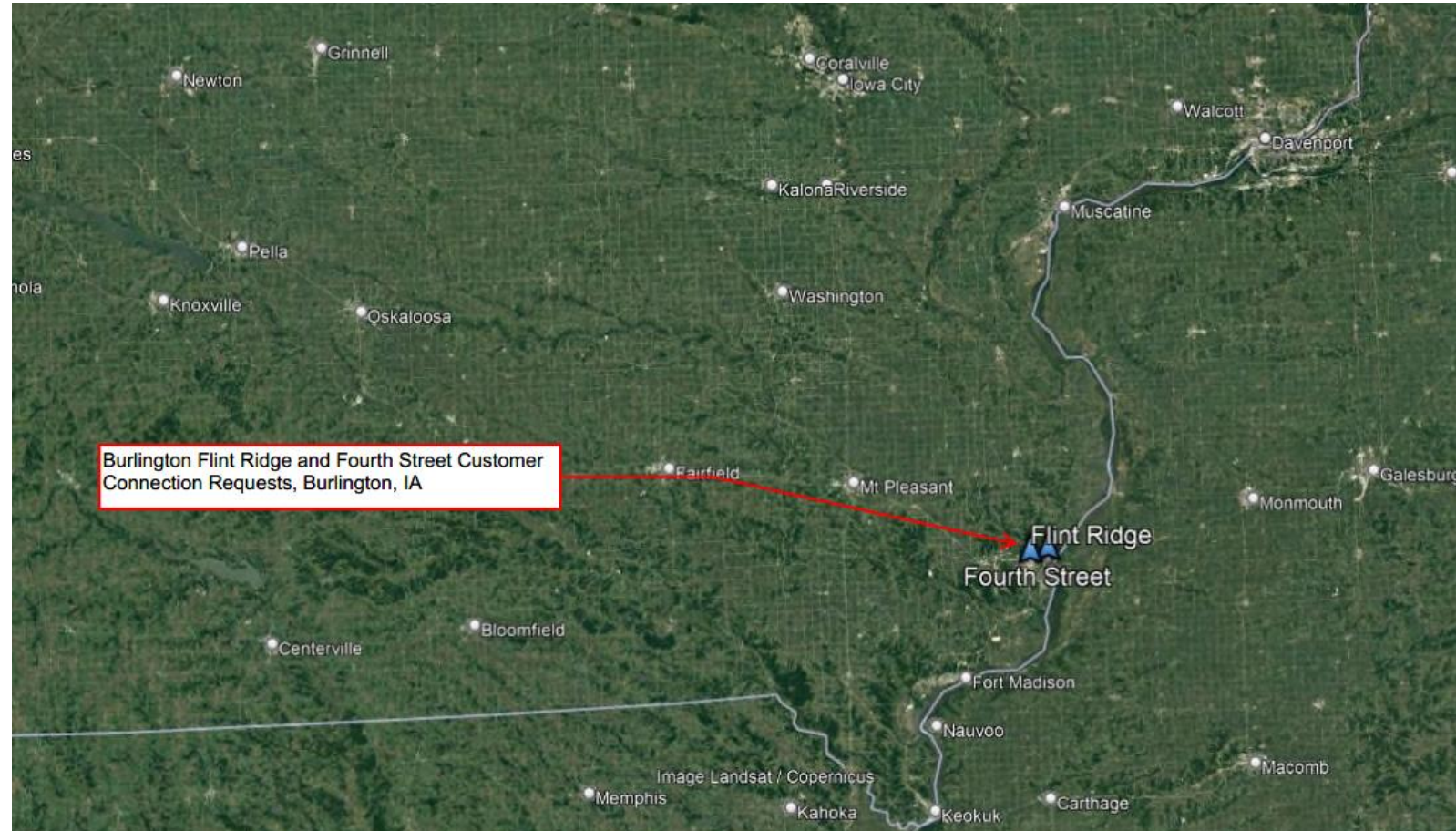
MTEP 24 Customer Connections – Burlington, IA Area

• Flint Ridge

- IPL adding 2nd distribution transformer to support conversion of Burlington distribution system to 25 kV
- ITCM to install 69 kV bus tie breaker to improve reliability for addition of 2nd transformer
- ITCM to install new control enclosure and relays

• Burlington 4th Street

- IPL adding 2nd distribution transformer to support conversion of Burlington distribution system to 25 kV
- ITCM to install 69 kV bus tie breaker to improve reliability for addition of 2nd transformer
- ITCM to install new control enclosure and relays



MTEP 24 Customer Connections – Other requests

- **Leon Rodeo Substation**

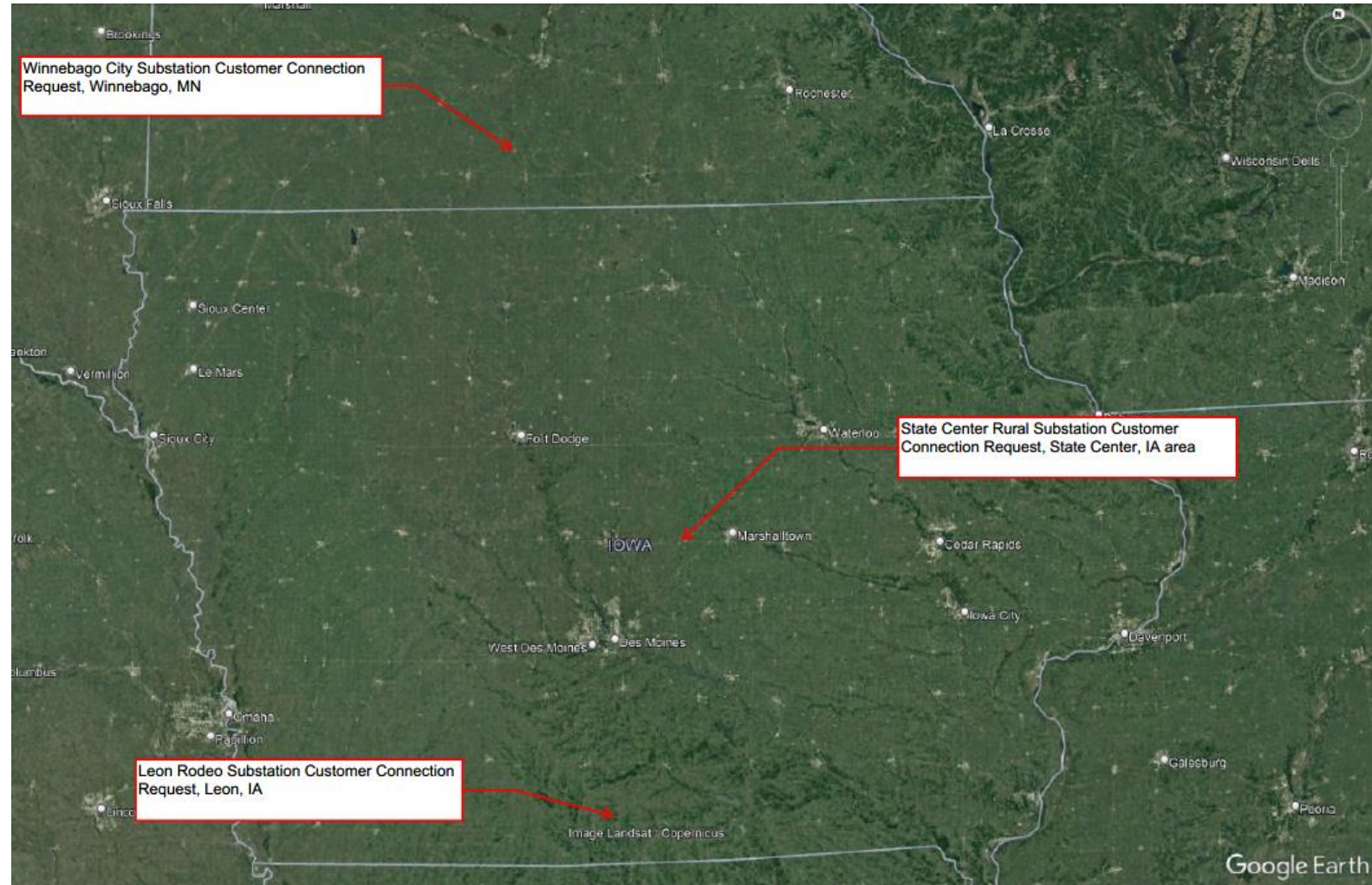
- New joint IPL/ITCM substation in Leon, IA
- Allows retirement of existing Leon Substation that is nearing end of its useful life

- **State Center Rural**

- Supports IPL load growth near State Center, IA
- Supports future 34.5 to 69 kV conversions between Marshalltown and Maxwell

- **Winnebago City**

- New joint BENCO/ITCM substation in Winnebago, MN
- Supports reliability by constructing new 69 kV breaker station and allows retirement of existing Winnebago Local substation nearing end of its useful life
- Allows BENCO to consolidate from 3 distribution transformers down to one to serve area





ITC Midwest Planning Processes – Economic Development

Overview of ITC Midwest Planning Processes for Economic Development

- Initial Requests/Economic Development Inquiries
- Load Interconnection Process
 - Load Interconnection Form (LIF) Receipt
 - EI Sketch Process
 - MTEP Submittal/Approval Process
 - Post MTEP Approval



Initial Requests/Economic Development Inquiries

A request from a customer/load serving entity on feasibility of serving a new load in a specific area of the system

- Typically to support responding to an economic development inquiry or similar request with very tight turn around time frames
- High level power flow analysis performed to determine feasibility/potential upgrades
 - Need estimated location, load level (MW and MVAR/power factor), and number of distribution transformer connections needed (if known)
- Estimated timeline for constructing transmission facilities to serve new load as well as estimated costs
- ITC Midwest would monitor neighboring transmission systems and likely include potential issues in summary provided, but would not involve other transmission owners at this time

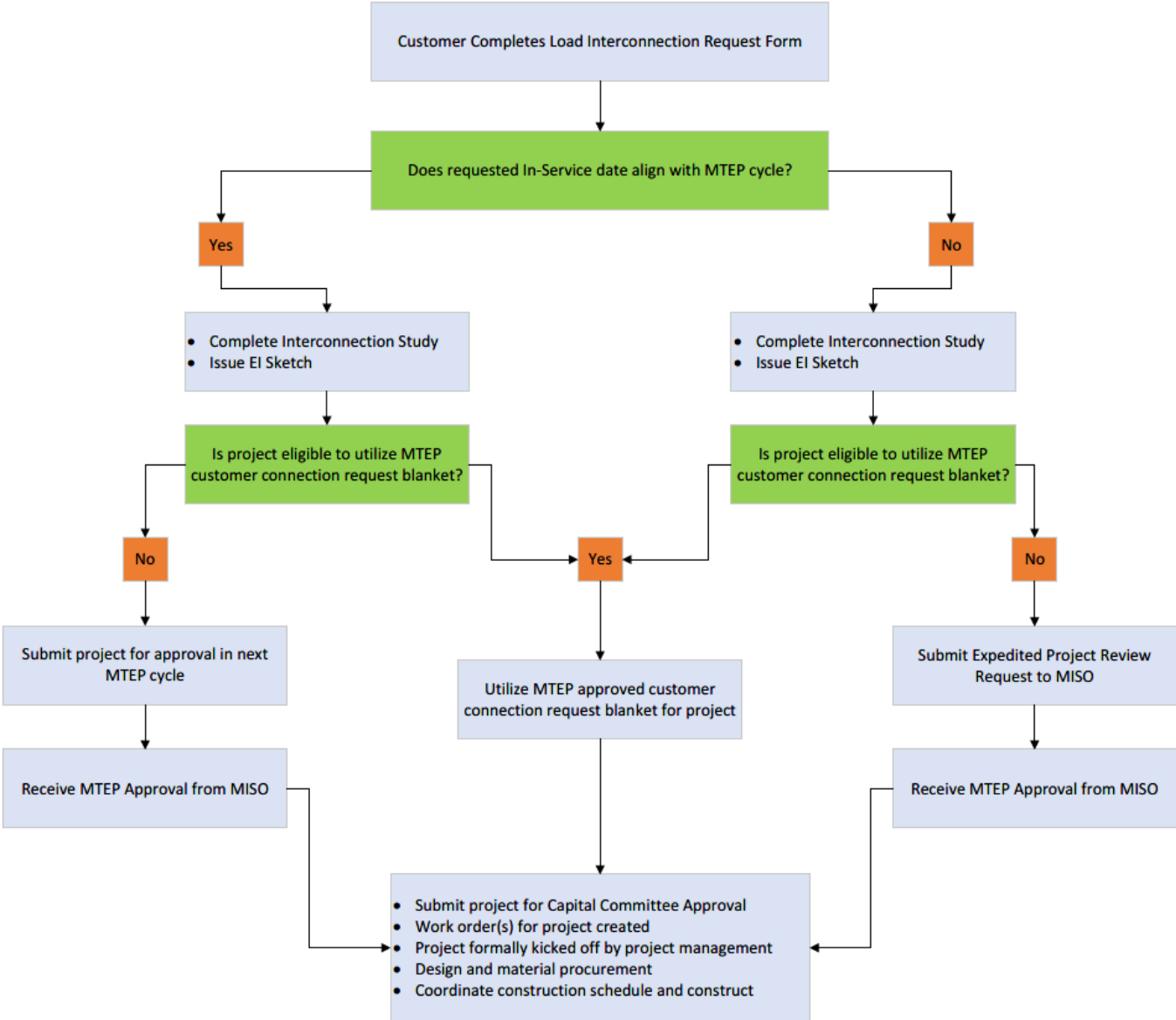
Initial Requests/Economic Development Inquiries

A short, 2–3-page write-up by ITC Midwest planning may be provided that includes:

- Documented assumptions made in the analysis performed
- Any issues observed on the transmission system and their potential mitigation (upgrades)
- Planning level cost estimate to interconnect the new load
- Planning level cost estimate of any additional upgrades required to ensure the system remains reliable and able to serve the load addition

A map may also be provided to provide an initial idea of what facilities may be required to interconnect the new load

Load Interconnection Process



Load Interconnection Form Receipt

Customer/load serving entity formally notifying ITC Midwest of a request to connect a new load to the transmission system

- LIF Form filled out and sent to ITC Midwest
 - Key information includes requested in-service date, location, and amount of load to be served
- ITC Midwest planning to review for completion
- Re-verify past power flow analysis performed to ensure assumptions and previous results are still valid
- Create/issue internal project scoping document (EI Sketch)
- Coordinate with other impacted transmission owners as needed, either directly prior to MTEP submittal or via MTEP process
- Submit project to MTEP for approval

EI Sketch Process Overview

- Once a project scope is finalized by ITC Midwest planning, an Engineering Information (EI) Sketch is issued by ITC Midwest planning for internal review
- 30-day review period for departments to review scope of work and requested in-service date and provide feedback
- Once all feedback received, 15 days additional for engineering estimates to be provided
- 45-day total review period to generate engineering estimates
- Changes to project scope re-start the 45-day clock for estimates

MTEP Process Overview

- Each September, projects are submitted to the MISO MTEP process for review and approval by MISO Board in the following December
- MTEP submittal requires engineering cost estimate, a project justification, and project power flow modeling information
- 15 months from submittal to approval under normal MTEP cycle

MTEP Process Overview – Continued

- Smaller projects, less than \$1M, can be done under “blankets” and do not require a stand alone MTEP submittal/approval
- Projects that require work to begin sooner than normal MTEP process will provide can seek “Expedited Approval” in the MTEP process
 - Justification requires showing how the requested in-service date can’t be met under normal MTEP process timeline
 - ITCM uses the requested date on the LIF form to help show the need for expedited approval
 - Supply chain issues (increases in equipment lead times) has led Expedited approval to be sought at record high levels in MISO in MTEP 23

MTEP Expedited Approval

Projects that require work to begin sooner than normal MTEP process will provide can seek “Expedited Approval” in the MTEP process

Can be submitted to MISO any time during the current MTEP cycle

- Projects submitted after the 3rd Subregional Planning Meeting will go into next MTEP cycle approval but overall time frame for approval not impacted
- Typically takes 2-4 months after submittal to MISO for approval
- MISO reviews rationale for Expedited Approval and overall project
- Performs independent analysis of project
- Holds stakeholder meeting(s) to review project and MISO’s analysis/results
 - These meetings fall under the Technical Studies Task Force
- Based on request and stakeholder input, MISO determines project that is recommended for approval
- Approval of project then taken to the MISO stakeholder “Planning Advisory Committee” or “PAC” meeting to sector voting of approval of the project based on MISO staff recommendation

Post MTEP Approval

- Once a project has MTEP approval, ITC Midwest then seeks necessary internal management approvals to begin spending on the project (Capital Committee Approval)
- After Capital Committee approval, ITC Midwest internal work orders are created, and project is formally kicked-off by ITC Midwest project management
- Detailed design and material procurement process starts
- Construction is then scheduled and completed



34.5 to 69 kV Conversion Update

Value of conversion to 69 kV operation

Conversion changes operation of the system from radial 34.5 kV circuits to networked 69 kV operation of circuits

- Converting to 69 kV operation increases capacity on a line a helps provide additional ability to serve future load growth
- Conversion allows lines not needed while operating in a networked 69 kV configuration to be retired
- Networked 69 kV operation provides a system that is better able to maintain voltage while providing alternate paths for the power to flow during planned and unplanned outages
 - By operating the 69 kV system in a networked configuration, multiple sources simultaneously feed into an area, providing greater redundancy and improving system voltage performance under normal and outage conditions



ITC Midwest's Commitment on Rebuilds and Conversions

ITC Midwest made a commitment to the Iowa Utilities Board for rebuilding and converting the 34.5 kV system

- 14 years to rebuild the 34.5 kV lines that will be converted to future 69 kV operation
 - Line rebuilds completed by end of 2021*
- 22 years to convert the system to 69 kV operation
 - Conversions to be completed by end of 2029**

*After coordinating with stakeholders, ITC Midwest has identified 13 miles that would not be completed by the end of 2021

**Coordination of conversions is on going with impacted parties, conversion of a transmission line cannot occur until all parties connected to the line have made necessary upgrades to facilitate conversion

34.5 to 69 kV rebuild and conversion progress



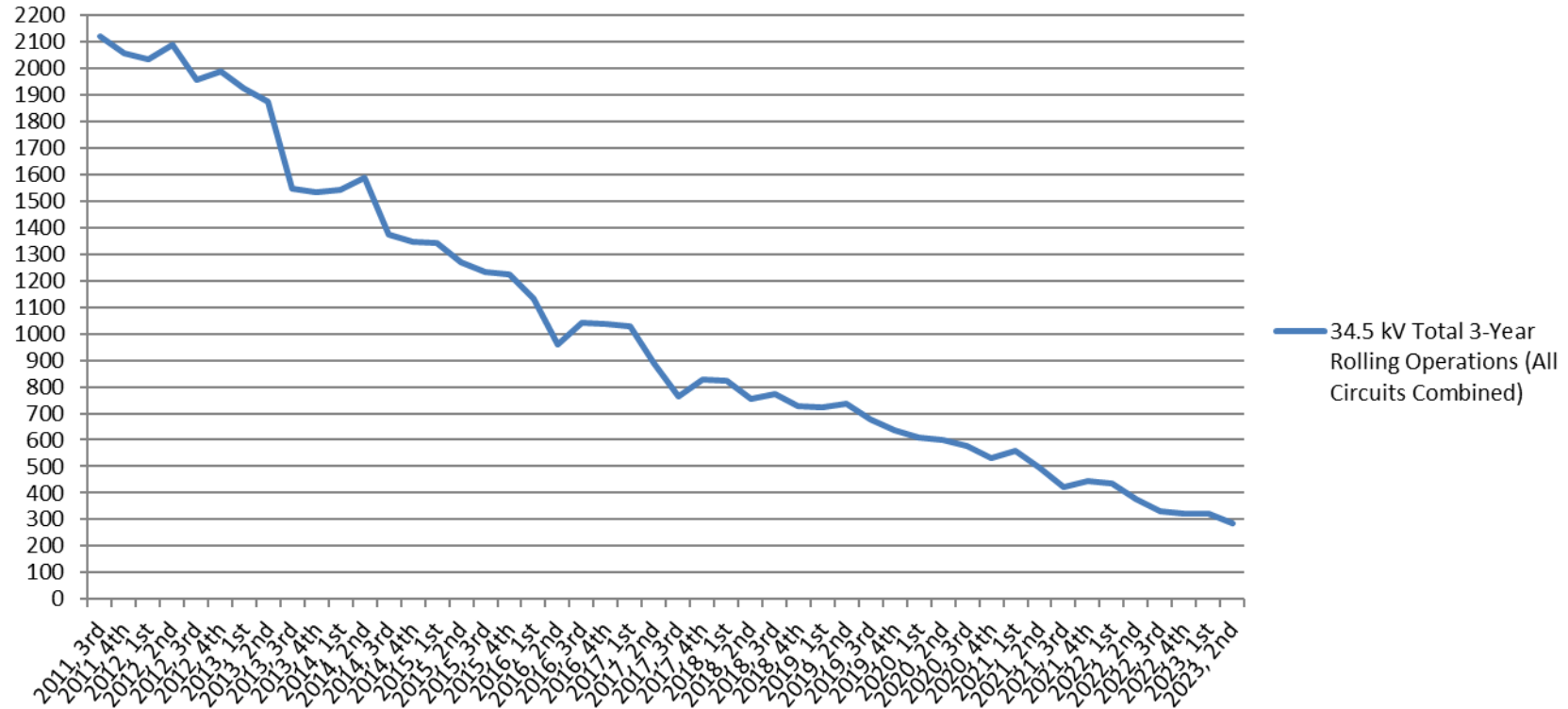
- **641 miles of rebuilds completed by end of 2021**
 - 98% of rebuilds completed
 - 651 total miles of rebuilds required
 - 10 miles to be rebuilt after 2023
- **35 new 69 kV circuits converted by end of 2023**
 - 56% of total conversions completed
 - ITC started with 149 34.5 kV circuits and those will become 62 new networked 69 kV circuits when all conversions are completed
 - Includes ITC and CIPCO conversions
- **Future Planned conversions:**
 - Average of 3 conversions per year for 2024 – 2027
 - 18 conversions remaining post 2027

34.5 kV System Reliability

- Through regular interdepartmental communications, ITC Planning and Asset Management departments determine level of maintenance required on assets that are planned for ultimate retirement once an area is converted to 69 kV operation
 - ITC is careful to limit spending on lines that have a projected replacement or retirement date
- ITC considers stakeholder input and impacts when scheduling conversion projects
 - Impacts could be financial or operational in nature
 - 98% of line rebuilds completed by end of 2023
- 34.5 kV total operations continue to trend downward and flatten now that the line rebuilds are completed
 - Total operations includes both momentary and sustained outages

34.5 kV System Reliability

34.5 kV Total 3-Year Rolling Operations (All Circuits Combined)

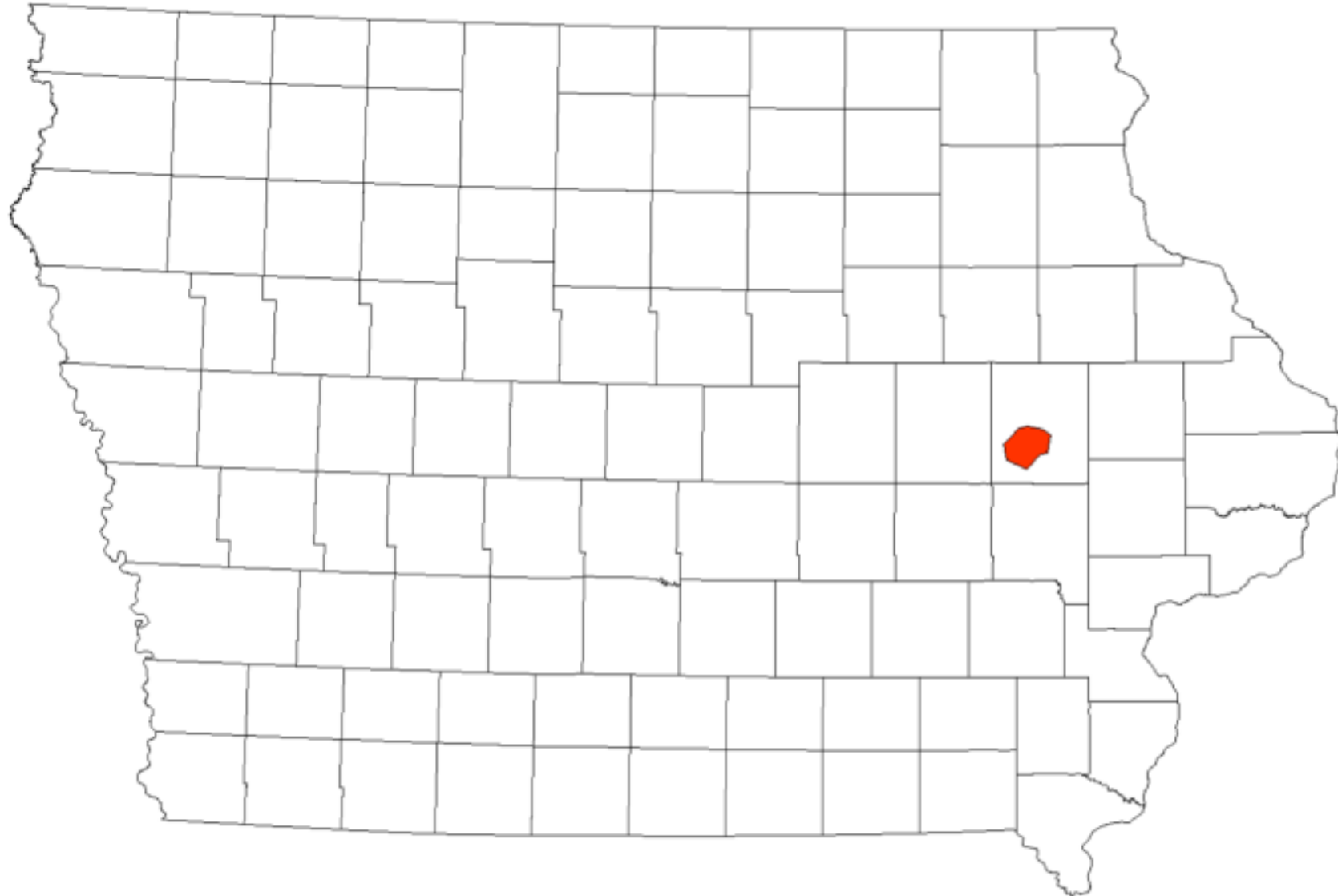


34.5 to 69 kV Study and Coordination Process

- All study work for the 34.5 to 69 kV conversions has been completed and plans continue to be refined based on stakeholder plans and feedback for each study area
- All planned rebuilds and conversions submitted to and approved in MISO MTEP process
 - Additional MTEP submissions may be required based on plan updates from stakeholders which require additional ITC projects to support stakeholder plans
 - As an example, 2 Customer Connection Requests related to 34.5 to 69 kV conversion submitted into MTEP 24
- Project schedule coordination is an ongoing process and project schedules continue to be updated based on stakeholder input and needs

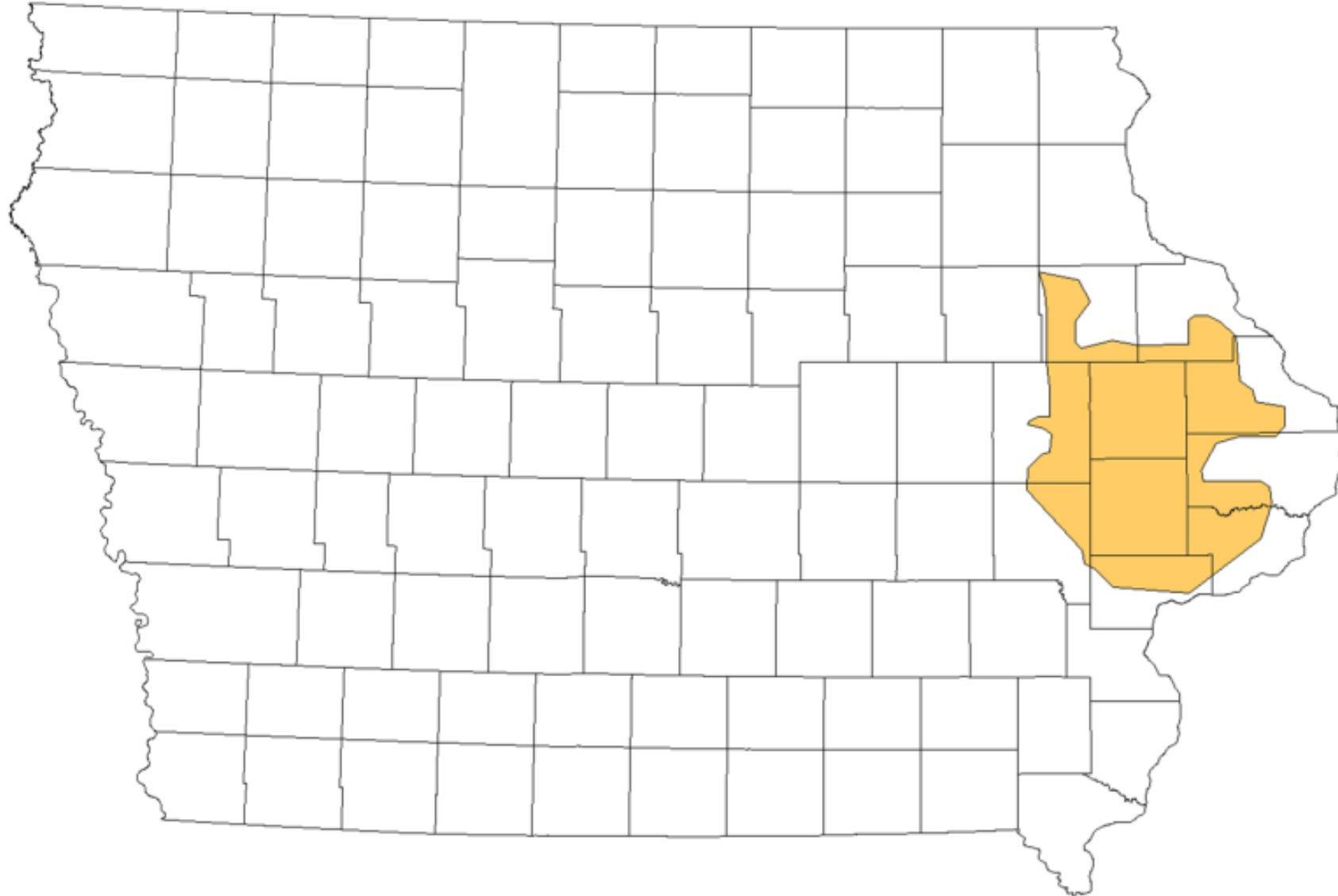
Cedar Rapids Area

- All 29 miles of rebuilds completed
- 6 new 69 kV circuits converted, 1 remaining
 - 86% conversions completed
- Upcoming Area Projects:
 - Emerald Isle – Beverly Conversion
- Future Area Retirements:
 - 15 miles of 34.5 kV line to be retired
 - 1 substation retirement, 1 partial substation retirement



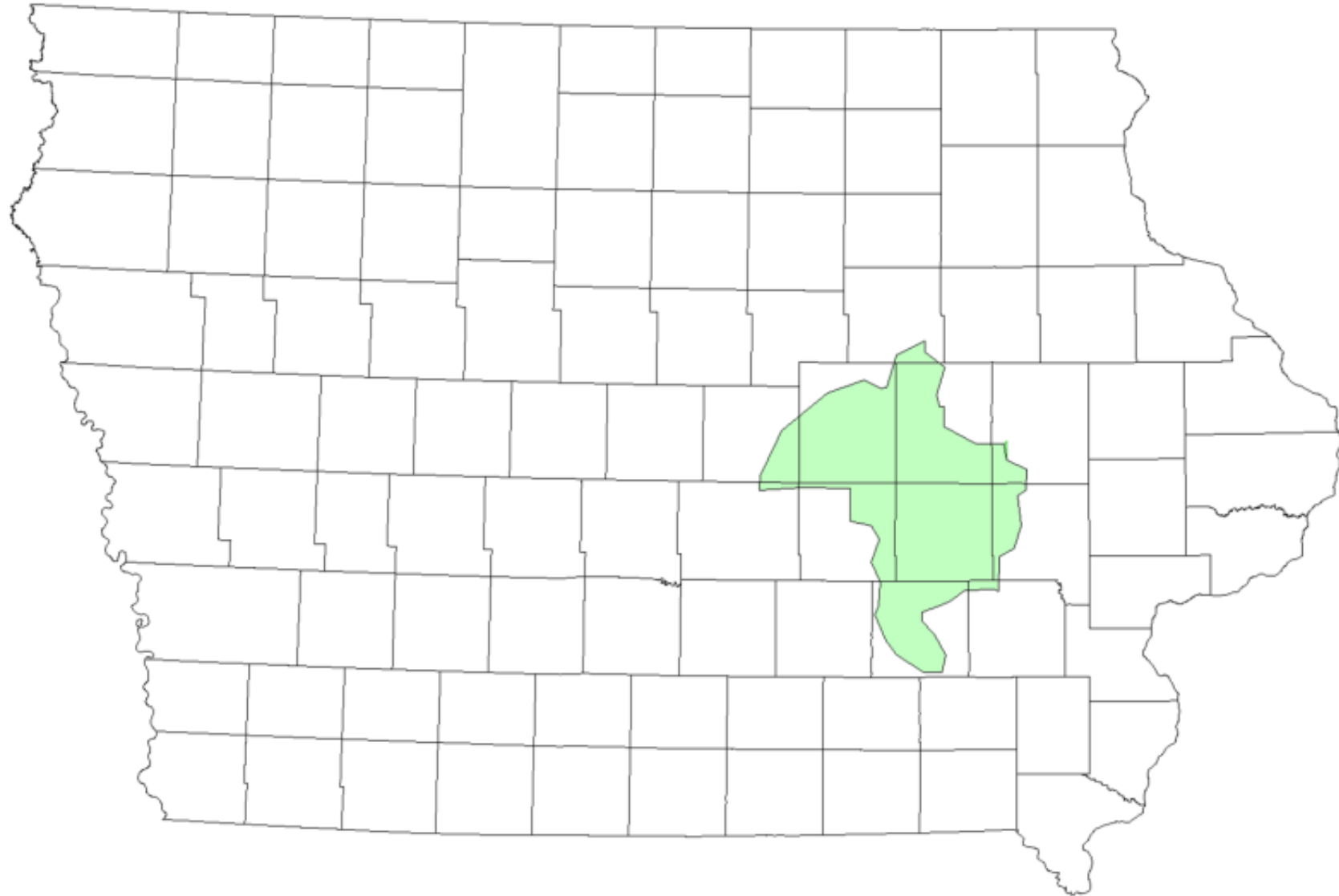
Eastern Iowa Area

- 143 miles rebuilt, 7 miles remaining
 - 95% rebuilds complete
- 12 new 69 kV circuits converted, 4 remaining
 - 75% conversions complete
- Upcoming Area Projects:
 - Walcott 80 Interconnection
 - Clarence South – Jones conversion
- Future Area Retirements:
 - 75 miles of 34.5 kV line to be retired
 - 2 substation retirements, 1 partial substation retirements



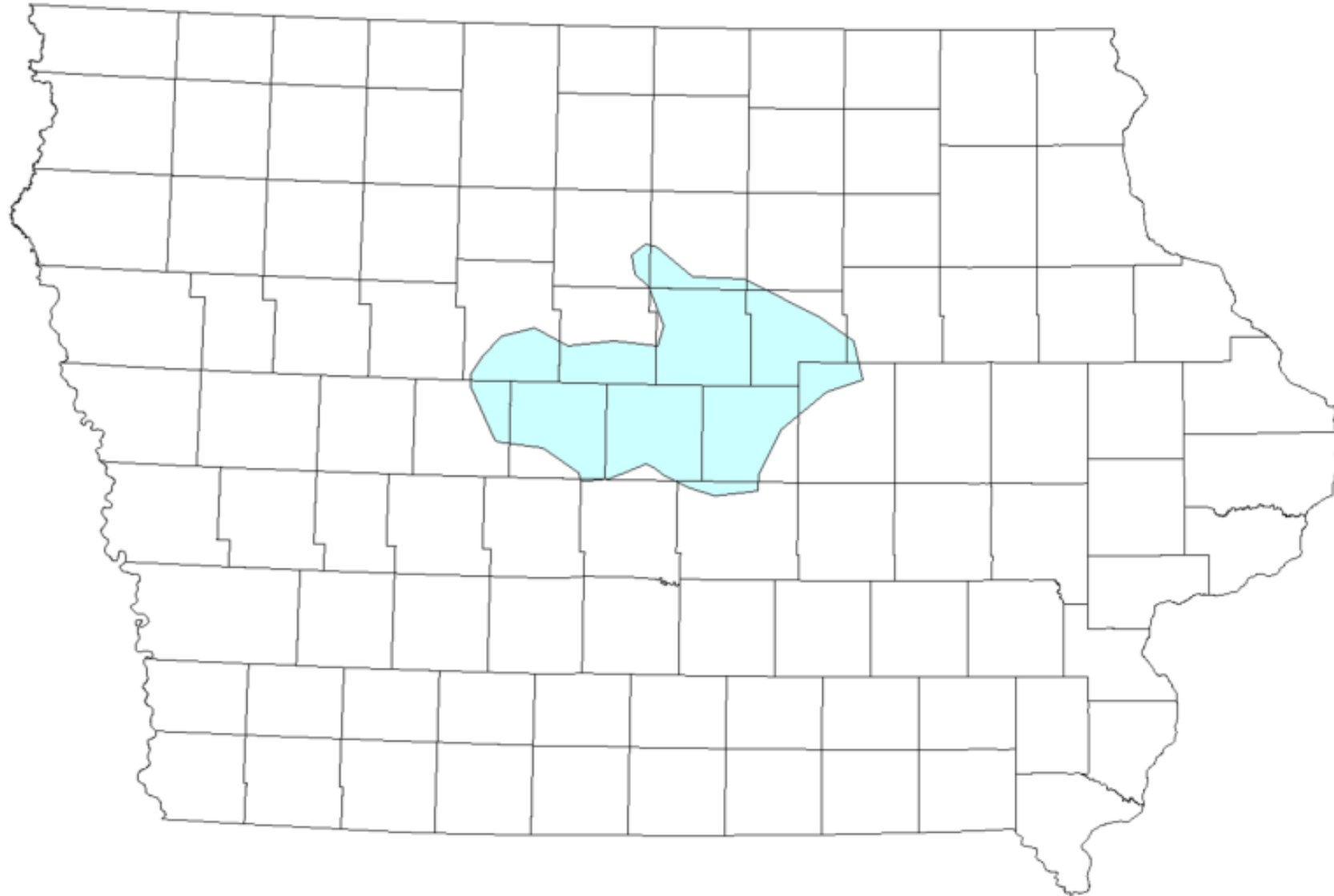
Toledo – Belle Plaine – Williamsburg Area

- 118 miles rebuilt, 3 miles remaining
 - 98% rebuilds complete
- 1 new 69 kV circuit converted, 14 remaining
 - 6% conversions complete
- Upcoming Area Projects:
 - Johnson – Frytown - Parnell Conversion
 - Iowa Junction – Kalona Koe – Frytown Conversion
- Future Area Retirements:
 - 70 miles of 34.5 kV line to be retired
 - 3 substation retirements, 6 partial substation retirements



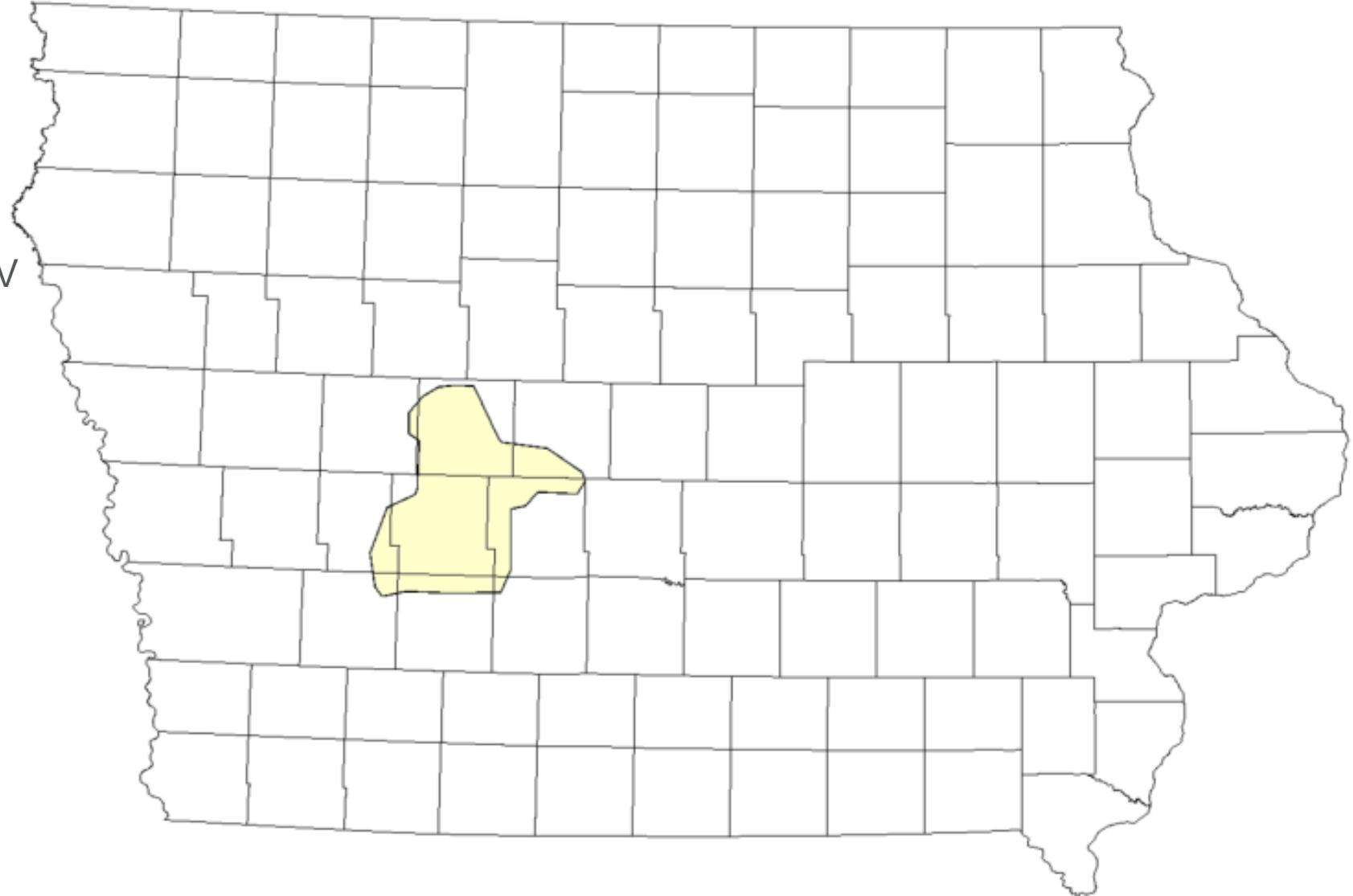
Grand Junction – Ames – Marshalltown Area

- All 133 miles rebuilt
- 8 new 69 kV circuits converted, 7 remaining
 - 53% conversions complete
- Upcoming Area Projects:
 - Fletcher – Garwin Rd – Union Conversion
 - Ames - Fletcher Conversion
 - Grand Junction – Boone Quartz Conversion
- Future Area Retirements:
 - 30 miles of 34.5 kV line to be retired
 - 5 substation retirements, 5 partial substation retirements



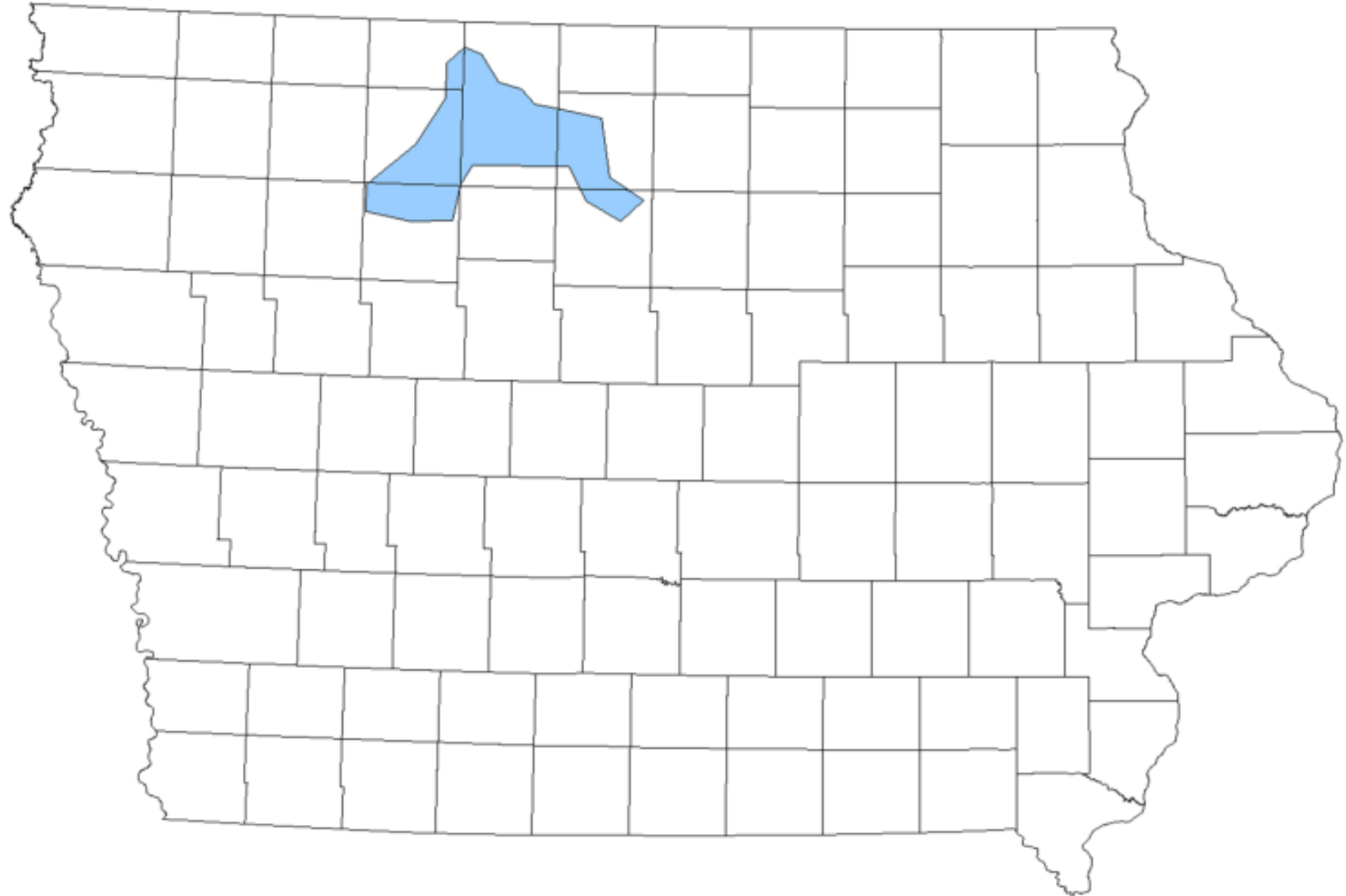
Anita – Grand Junction Area

- All 116 miles rebuilt
- 8 new 69 kV circuits converted, 1 remaining
 - 88% conversions complete
- Upcoming Area Projects:
 - Obsidian – Ralston new 69 kV line
 - Obsidian – Grand Junction Conversion
- Future Area Retirements:
 - 8 miles of 34.5 kV line to be retired
 - 1 substation retirements, 1 partial substation retirement



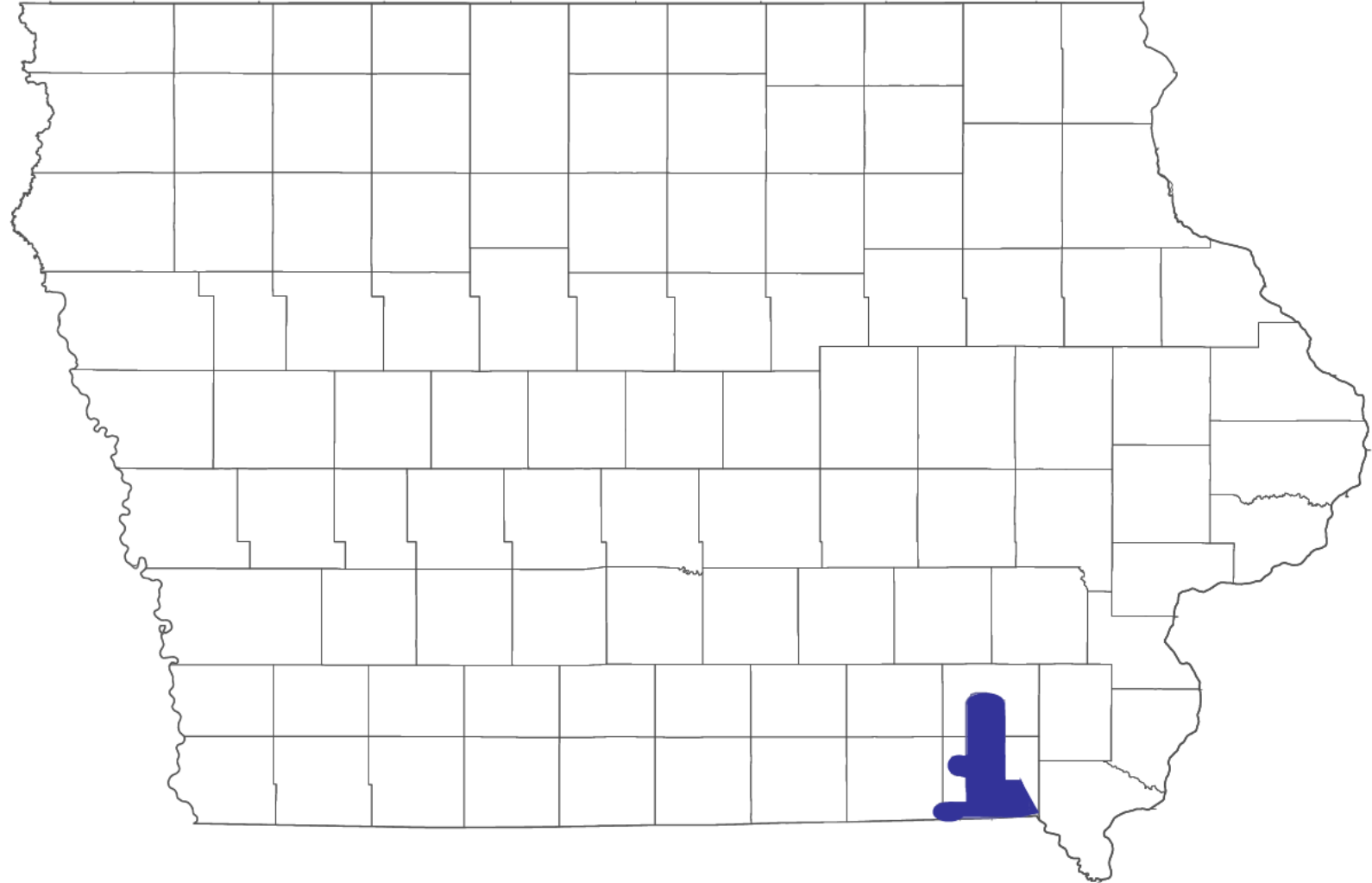
Northwest Iowa Area

- Current plans provided to ITC indicate that IPL will be moving their load from ITC owned 34.5 kV system onto Corn Belt's existing 69 kV system in the area
- 1 substation retirement completed
- 40 miles of 34.5 kV line retired/sold to IPL to be used as distribution line
- Future Area Retirements:
 - 70 miles of 34.5 kV line to be retired
 - 3 substation retirements



Fairfield Area

- Current plans provided to ITC indicate IPL will purchase the 34.5 kV lines to be used as distribution lines to serve area load
- Future Area Retirements:
 - 40 miles of 34.5 kV line to be retired/sold to IPL for use as distribution
 - 2 substation retirements
- ITC works with local distribution companies to re-use facilities such as poles and/or entire line sections no longer needed by ITC to help control costs for all parties



Questions?



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ITC Midwest Operations Update



FOR THE GREATER GRID

Congestion Management



Abubaker Elteriefi

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FOR THE GREATER GRID

Congestion in Iowa

What is driving transmission congestion in Iowa?

Changing generation mix:

- 2010: 75.6% of electric energy generated in Iowa was from coal power plants;
- **16%** generated from wind farms
- 2022: 25% generated from coal; **63%** from wind
- Baseload power plants are typically located near load centers, wind farms are not

Increasing requirements for transmission and generation outages:

- Upgrades needed to support changing generation mix
- Complying with regulations requiring more testing and maintenance activities
- More unplanned generation outages

State of Iowa Electric Energy Sources

2010	GENERATION (Megawatthours)		Nameplate Capacity (Megawatts)		Capacity Factor
		%		%	
Coal	41,282,937	72%	6,956.00	48%	68%
Natural Gas	1,312,195	2%	2,299.00	16%	7%
Wind	9,170,337	16%	3,569.00	24%	29%
Nuclear	4,450,640	8%	679.5	5%	75%
Other	1,292,611	2%	1,088.80	7%	14%
Total	57,508,720	100%	14,592	100%	45%



2022	GENERATION (Megawatthours)		Nameplate Capacity (Megawatts)		Capacity Factor
		%		%	
Coal	18,184,357	25%	5,550.20	24%	37%
Natural Gas	7,338,508	10%	4,060.60	17%	21%
Wind	45,766,451	63%	12,542.80	54%	42%
Nuclear	0	0%	0	0%	0%
Other	1,698,949	2%	1,283.40	5%	15%
Total	72,988,265	100%	23,437	100%	36%



Source: Energy Information Administration database

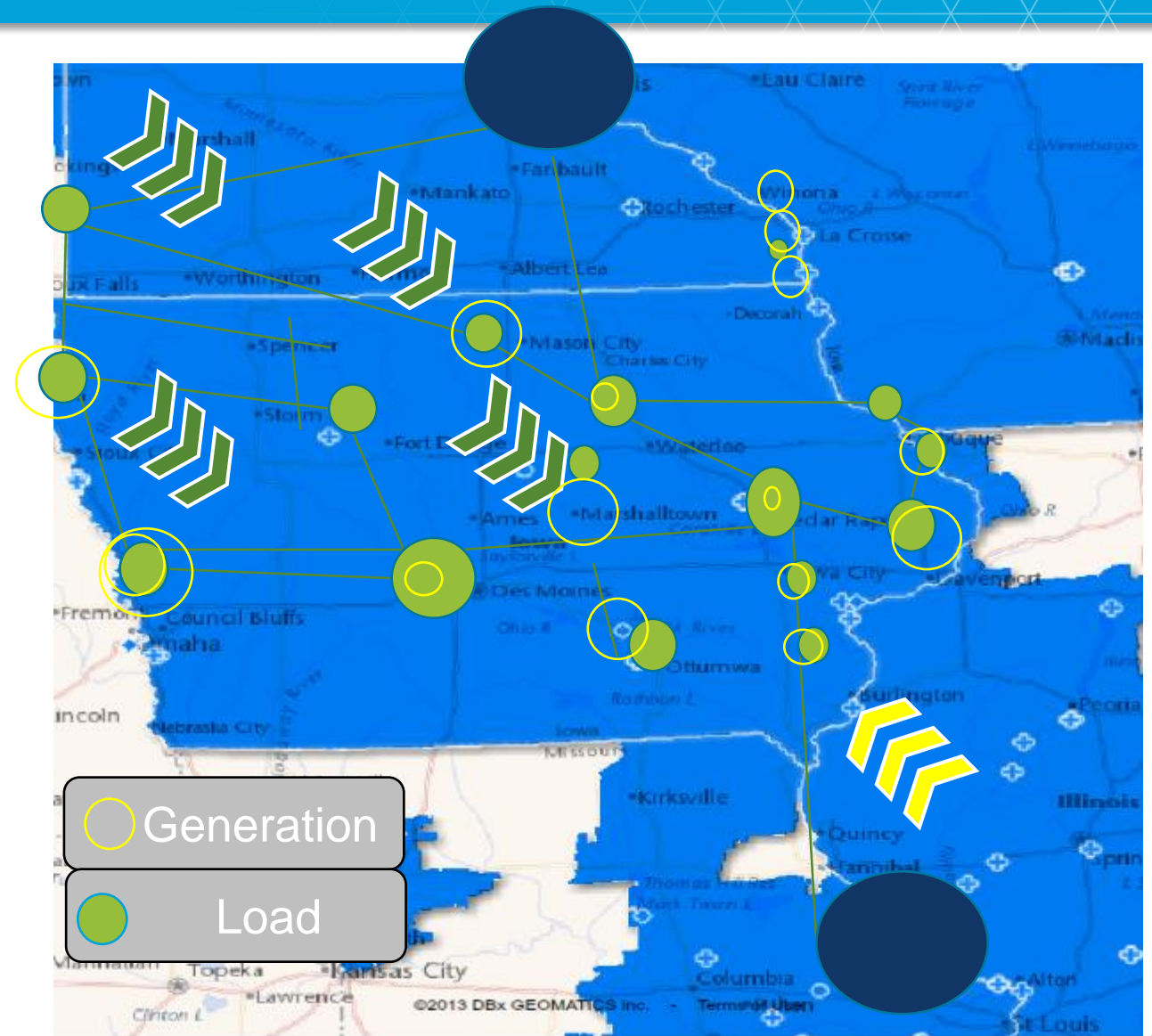
Changing Generation Mix

Then

- Baseload units near load centers
- Transmission to support generation outlets and outages
- S/E to N/W flow stressing the system (congestion)

Now

- More variable resources away from load centers
- Baseload unit retirements
- N/W to S/E flow stressing the system (congestion)



Congestion Management Program

- Market Analysis & Congestion Evaluation (MACE)
- Program to help us monitor congestion in our footprints and act on that information when possible
- Started work on the program early in 2013



Managing Congestion Impact

- Increasing **awareness** in daily operations of the system
- Planning outages to reduce congestion **impact**
- Increasing transmission system **utilization**



Awareness

- Covered at daily Operations call
- Daily, weekly, and monthly reports
- Detailed monthly review

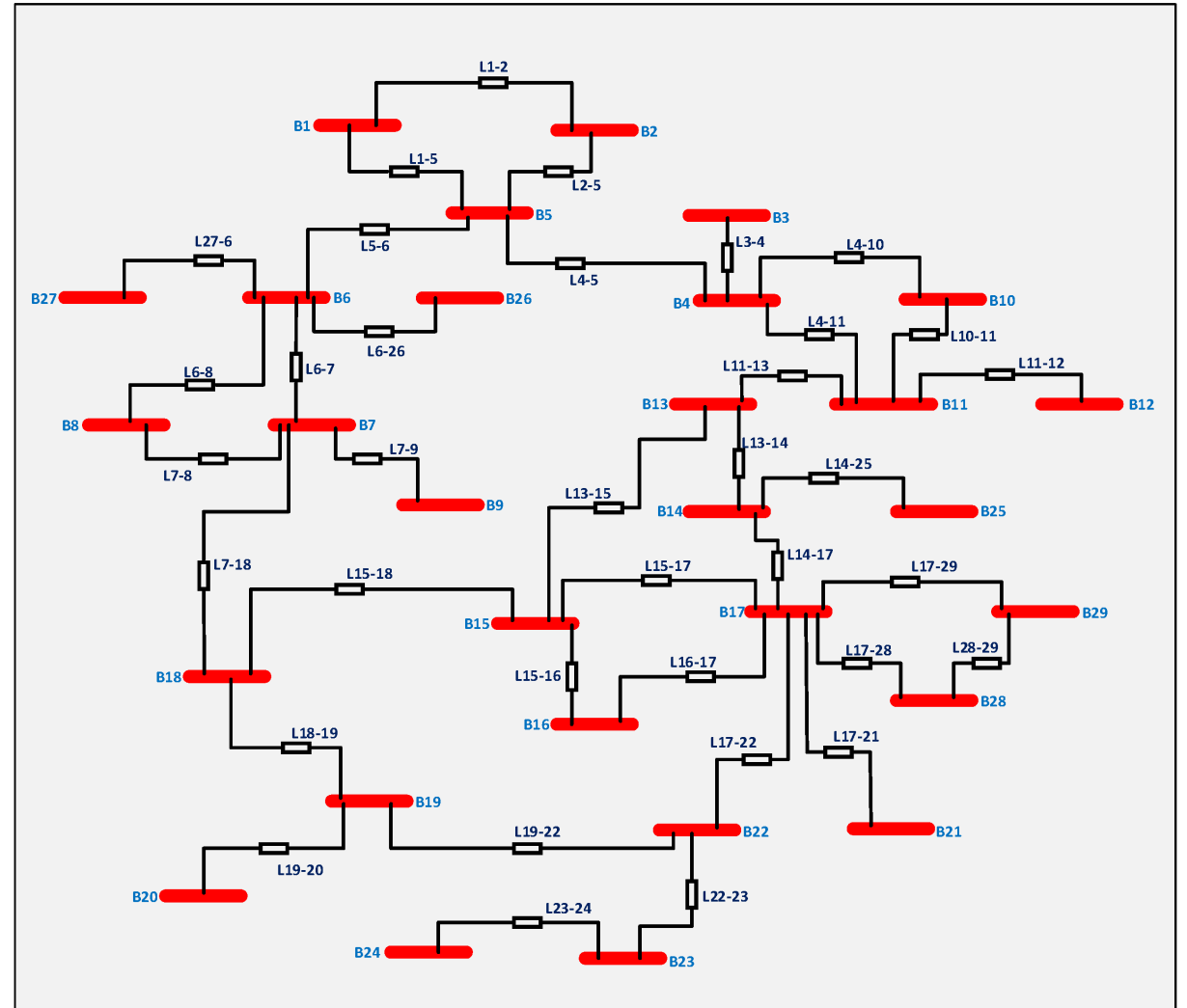


Outage Coordination

- Congestion impacts are considered in our outage scheduling process
- Evaluate historical congestion for similar outages/configurations (“Watch List”)
- Determine if outage changes are possible for significant congestion events:
 - Move outage to another date?
 - Reschedule coincident outages?
 - Hotline work?
 - Extend working hours?

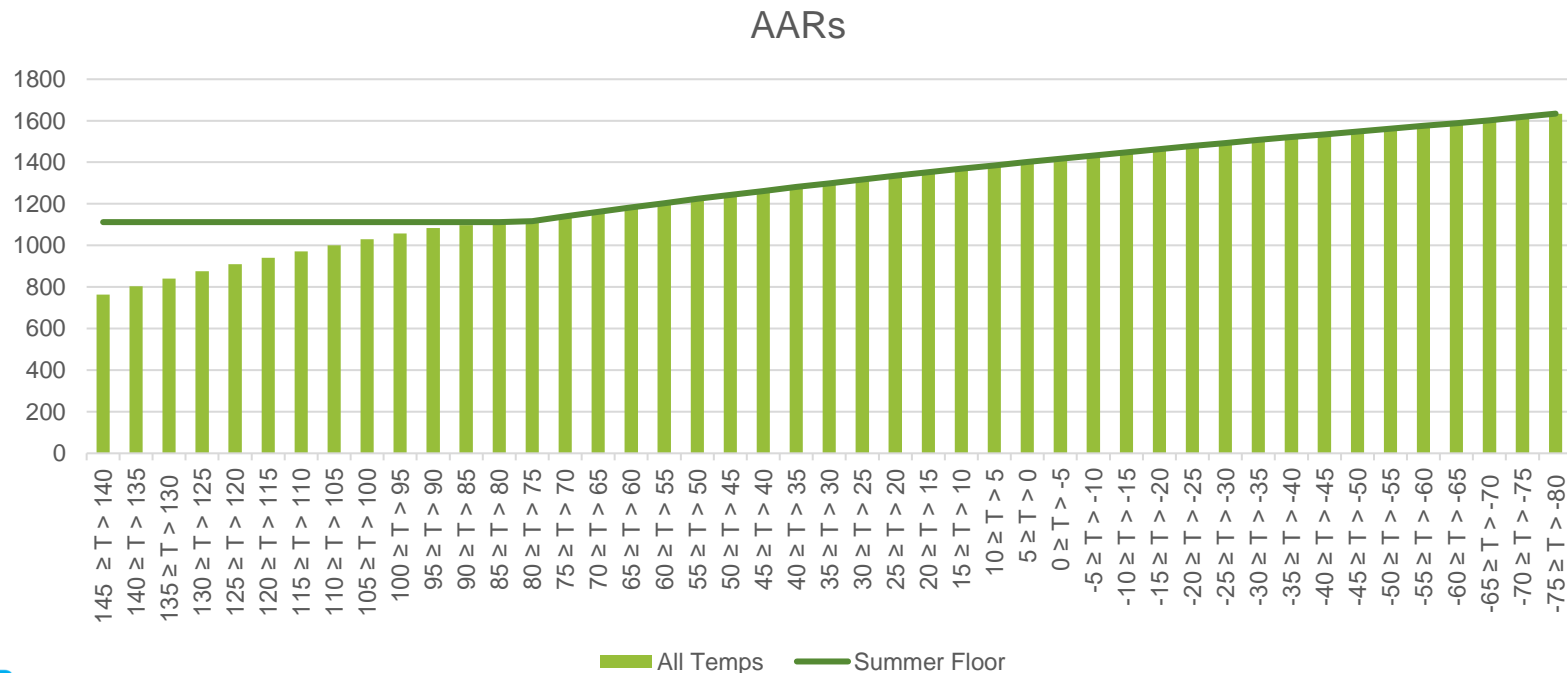
Transmission Utilization

- System Reconfigurations
- High-Impact Low-Cost interim solutions
- **Ambient-Adjusted Ratings!**



AAR Pilot Program

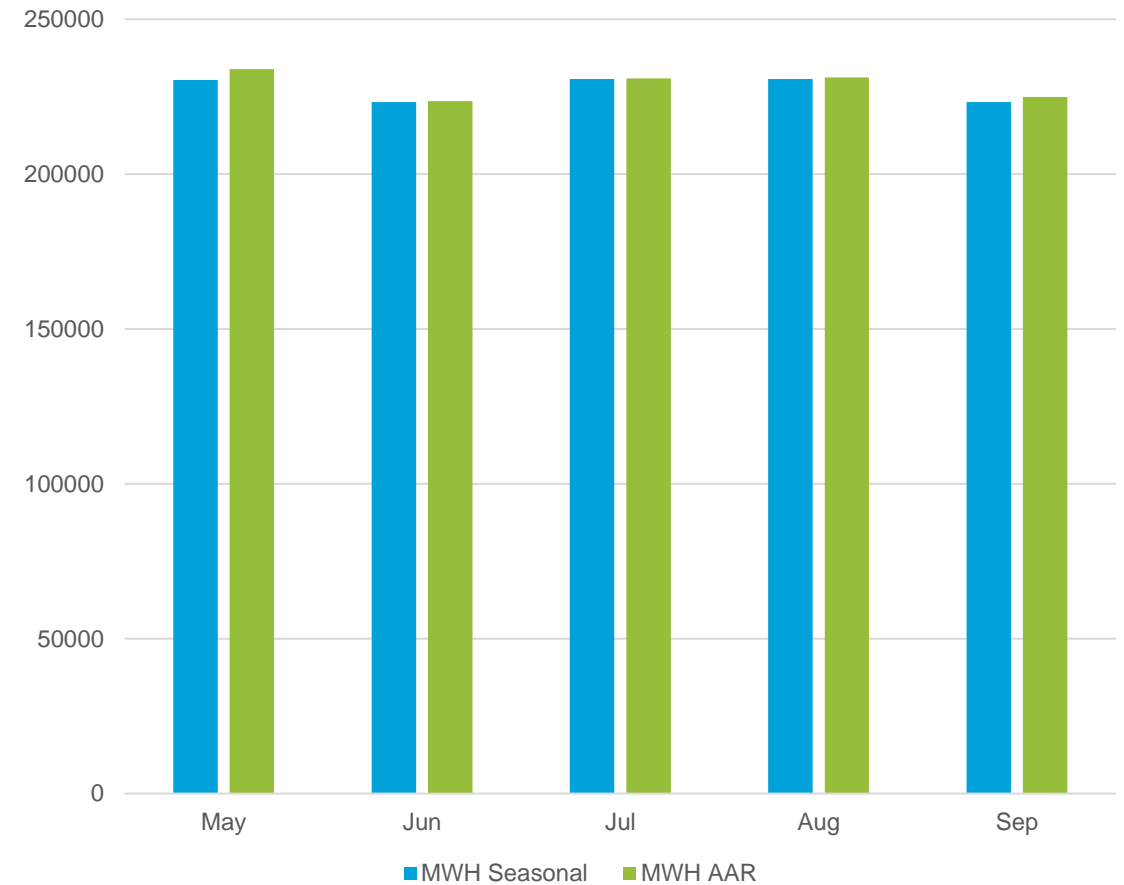
- 6 Congested Transmission Lines
- Ratings calculated daily using forecasted max temperatures
- Applied Real time only
- Seasonal Ratings as a floor



AAR Pilot Program – Capacity Gained

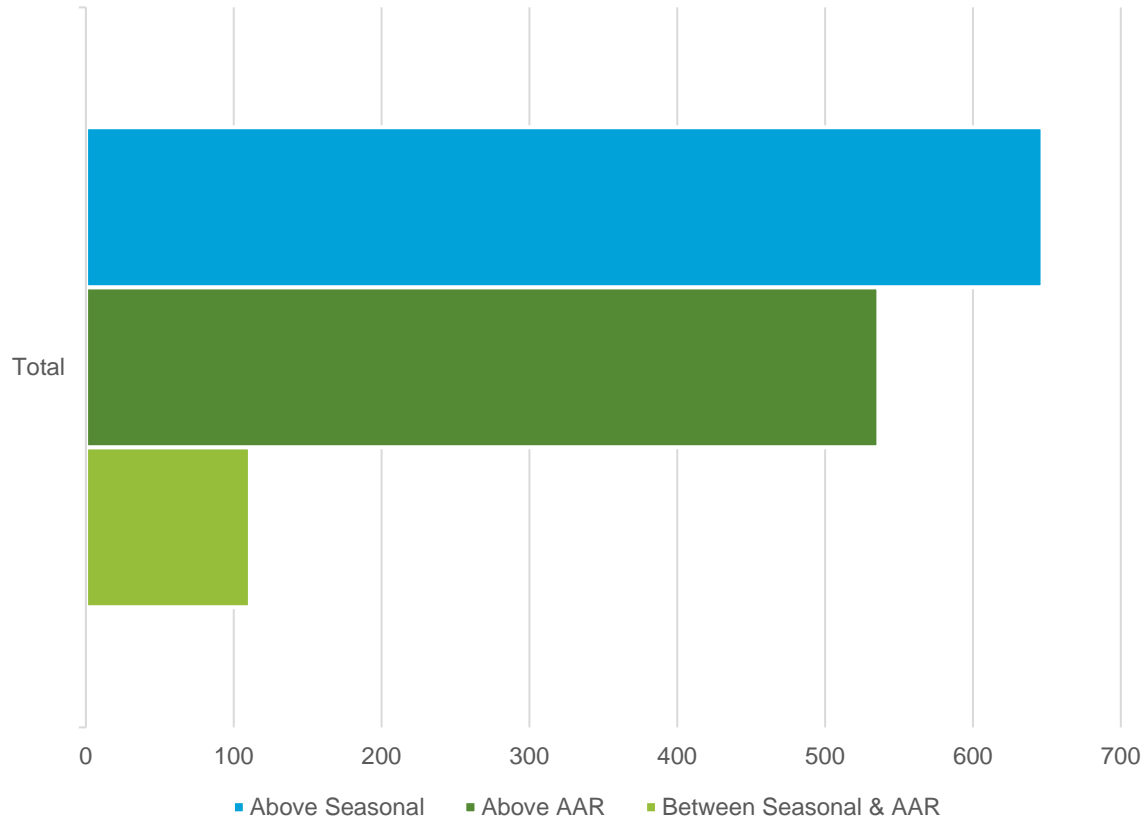
- May 1st- September 30th (151 days)
- 6-12% Max AAR increase per line
- 64 days with an AAR above Seasonal Rating (42% of the time)
- 1% increase in MWH Capacity

AAR MWH Gained
Summer 2023

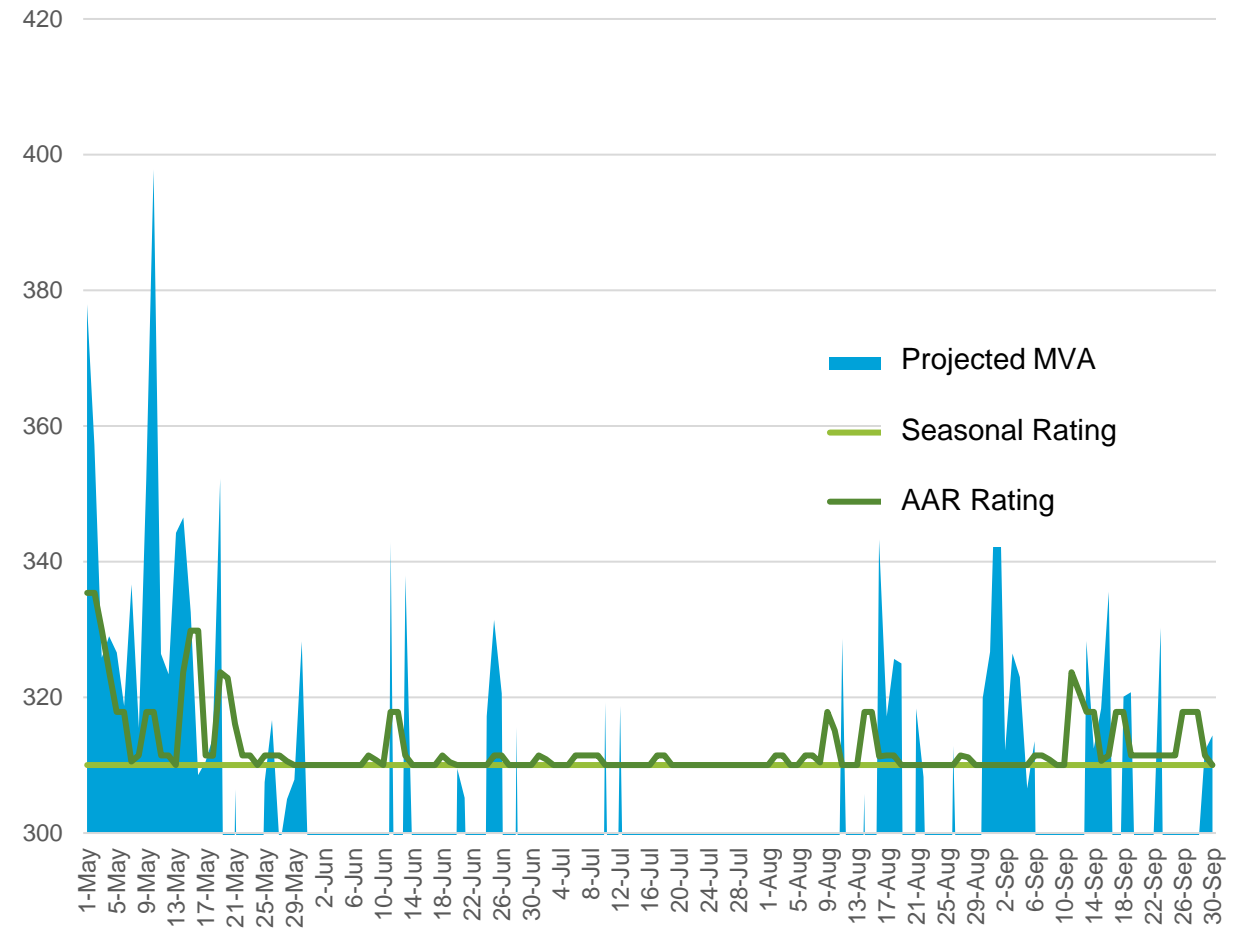


AAR Pilot Program – Congestion Utilization

Active Constraint Hours

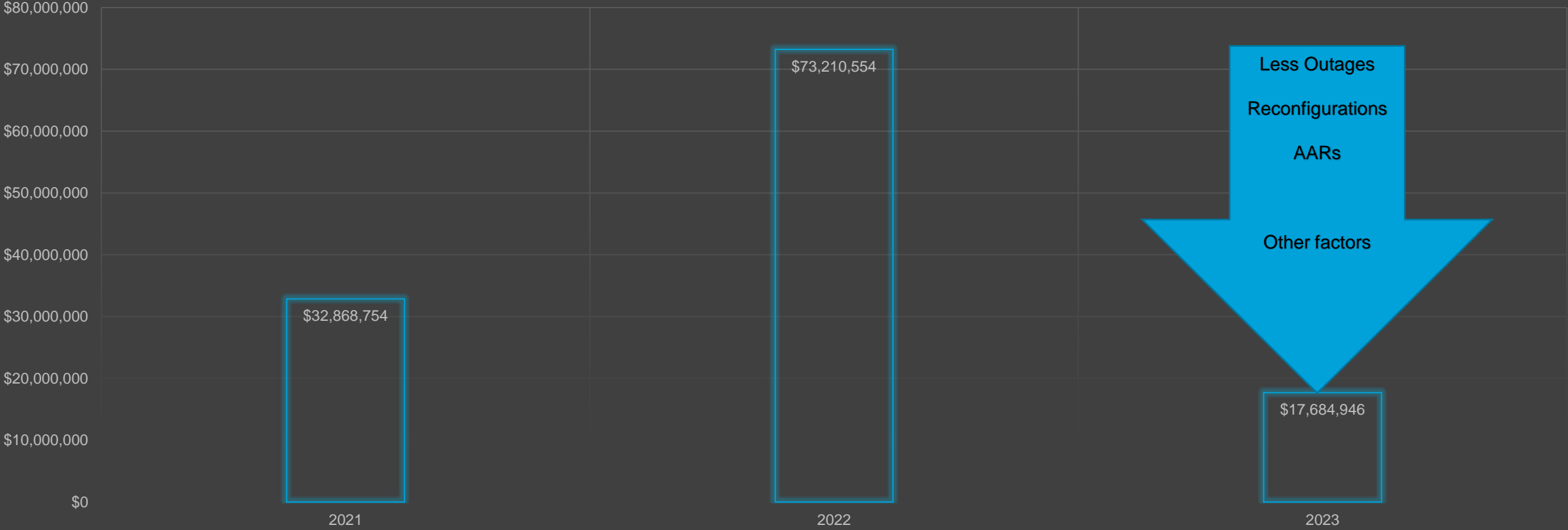


Usage vs. Capacity Example



Congestion Trends Summer 2021 – 2023

ITCM Realtime Congestion
Top Six Flowgates
Summer Cumulative Total



Takeaways

Challenges

- Changing generation mix
- Increasing requirements for transmission and generation outages

Actions

- Integrated MACE into operations processes
- Enhanced outage coordination process
- Implemented high-impact, low-cost solutions
- Worked to identify long-term plans
- AAR Pilot Project

Questions?



Abubaker Elteriefi

Manager, Operational Planning
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Reliability Update



Josh Hurst

Interim Supervisor, Operational Planning
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- 
- 2022 Reliability Performance
 - Industrial Customer Impact
 - Major Storm Performance
 - Performance Drivers
 - Historical Outage Improvement

ITC Midwest Industrial Customer Impact



Outage data was evaluated from 2018 – 2022



Data

- 50 Industrial customers connected to the ITCM transmission system
- 16 Sustained customer outages over 5 years
- Average outage time of 52.4 Minutes



Results:

- Industrial customer outages/year: 3.2 Outages, .064 Outages/Customer
- System impact to Industrial Customers: 2.5 Hours/Year
- Average yearly impact/customer: 3.3 Minutes/Year
- Customer uptime: 99.99%

ITC Midwest Industrial Customer Impact Comparison

National Average



SAIDI: 121 Minutes

SAIFI: 1.03 Outages

CAIDI: 117 Minutes

Iowa State Average



SAIDI: 86 Minutes

SAIFI: .8862 Outages

CAIDI: 97 Minutes

ITC Industrial Average



SAIDI: 3 Minutes

SAIFI: .064 Outages

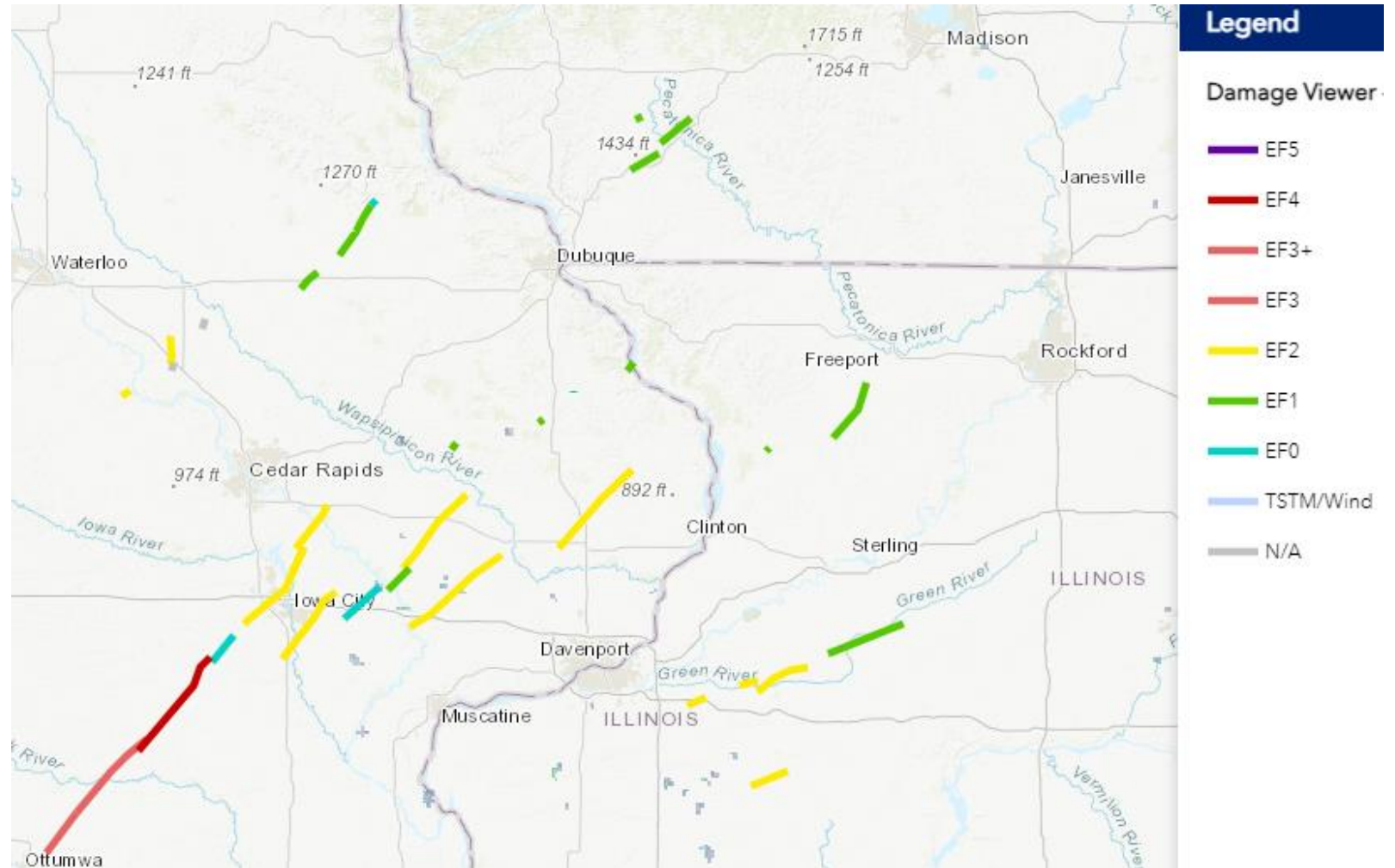
CAIDI: 52 Minutes

- SAIDI: Minutes an individual customer is impacted each year
- SAIFI: Number of outages a customer experiences each year
- CAIDI: The average duration of an outage

ITC Midwest Major Storm Performance

Tornado outbreak March 31st, 2023

- 16 Tornadoes impacted the state of Iowa
- Maximum windspeed: 170MPH



ITC Midwest Major Storm Performance

System Performance

- 14 total outages on the ITC Midwest system
- 4 Momentary Outages
- 4 outages from direct tornado contact
- 3 additional broken pole outages due to high winds
- All but one circuit returned in under 2 days
- Six customer impact outages with average return time of 120 minutes
 - 2 circuits returned under 10 Minutes
 - 2 circuits returned under 90 minutes
 - Longest outage was 7 hours due to 9 poles being down



Reliability Benchmarking Above 100 kV

ITC benchmarks performance against a broad peer group

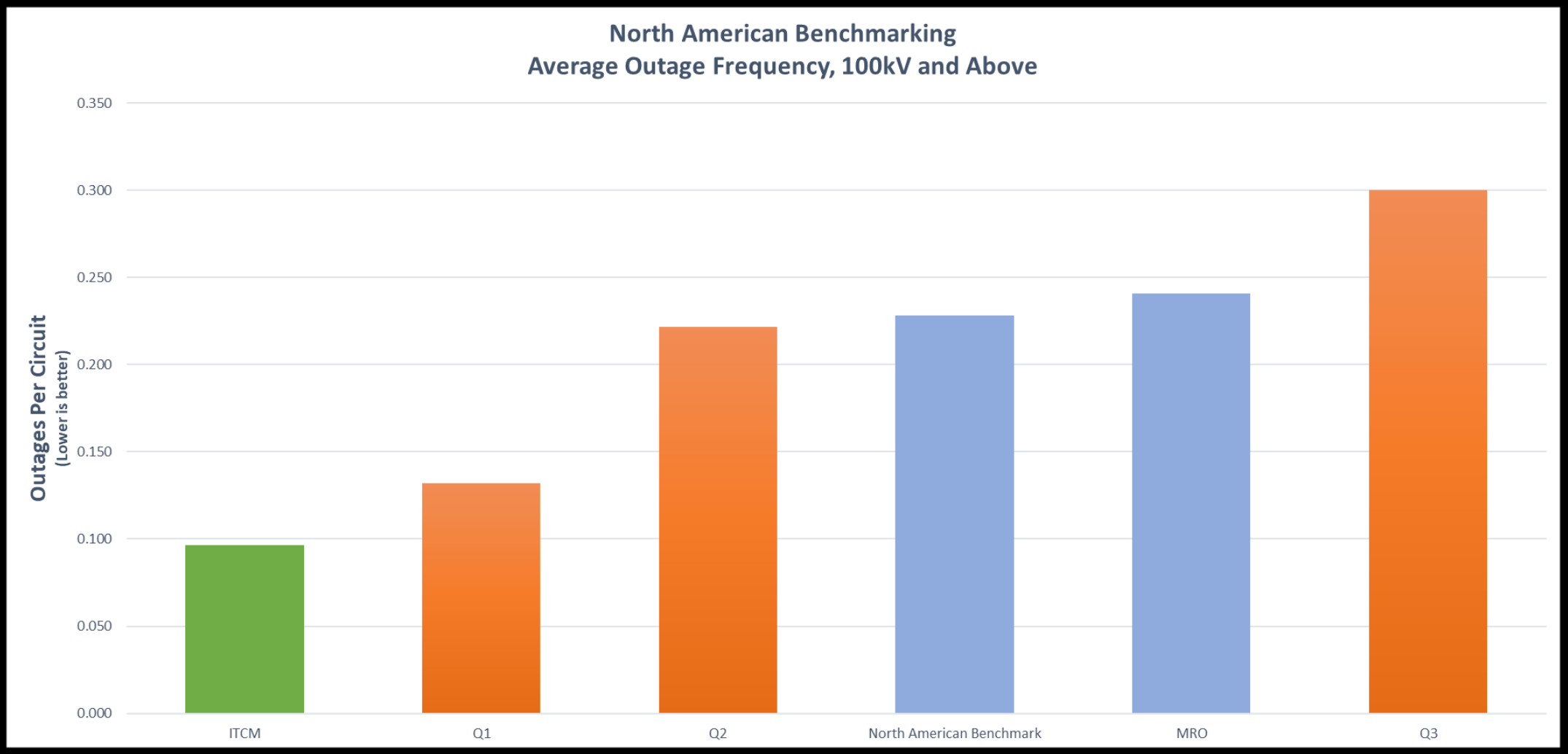
Targets top quartile performance for each of our operating companies

2021 benchmarking group at 100 kV and above:

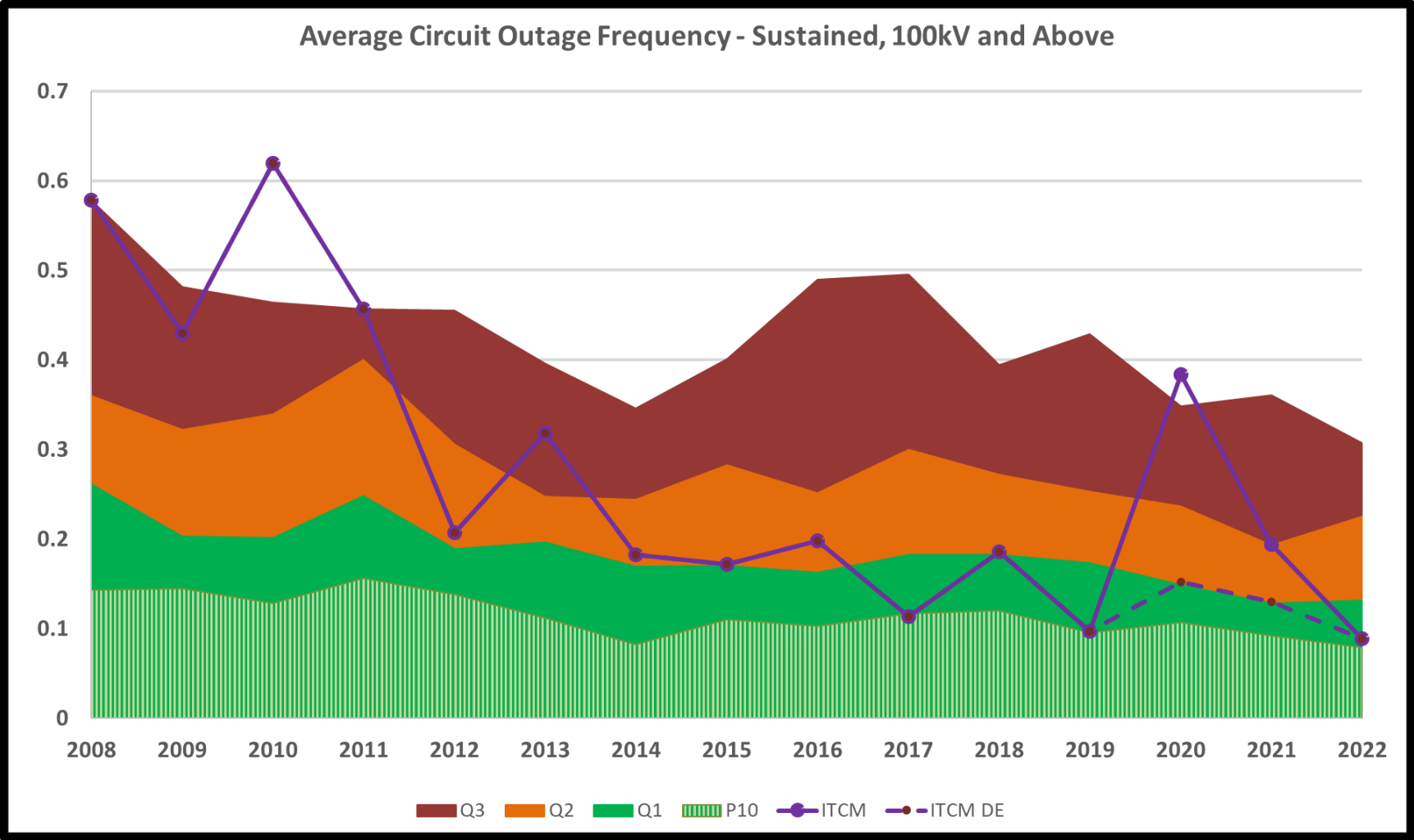
- 86 companies
- 20,750 circuits
- 68% of US and Canadian circuit miles

ITC Midwest At-A-Glance	ITCMW
Total Circuit Miles	~6800
Circuit Miles Above 100 kV (# of circuits)	~2,600 (155)
System Peak Load (2021 peak load)	3,724 MW (3,547 MW)

Reliability Performance - Benchmarking



Reliability Performance - Benchmarking Trend



Reliability Benchmarking Below 100 kV

ITC benchmarks performance against a broad peer group

Targets top quartile performance for each of our operating companies

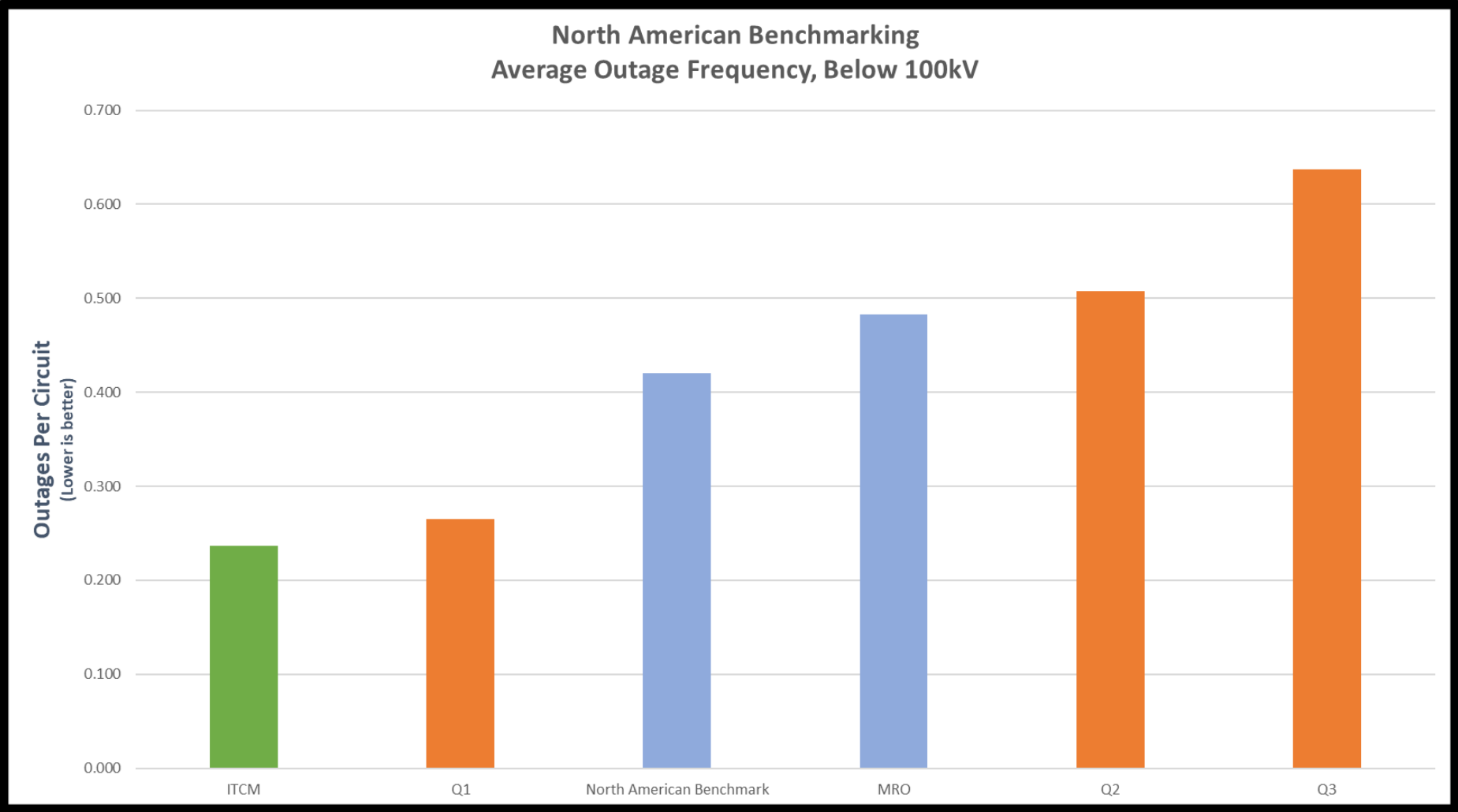
2022 benchmarking group below 100 kV:

- 40 companies
- 5,906 circuits

ITC Midwest At-A-Glance	ITCMW
Total Circuit Miles	~6800
69 kV Circuit Miles (# of circuits)	~3300 (252)
34.5 kV Circuit Miles	930
System peak load (2021 peak load)	4,150 MW (4,042 MW)

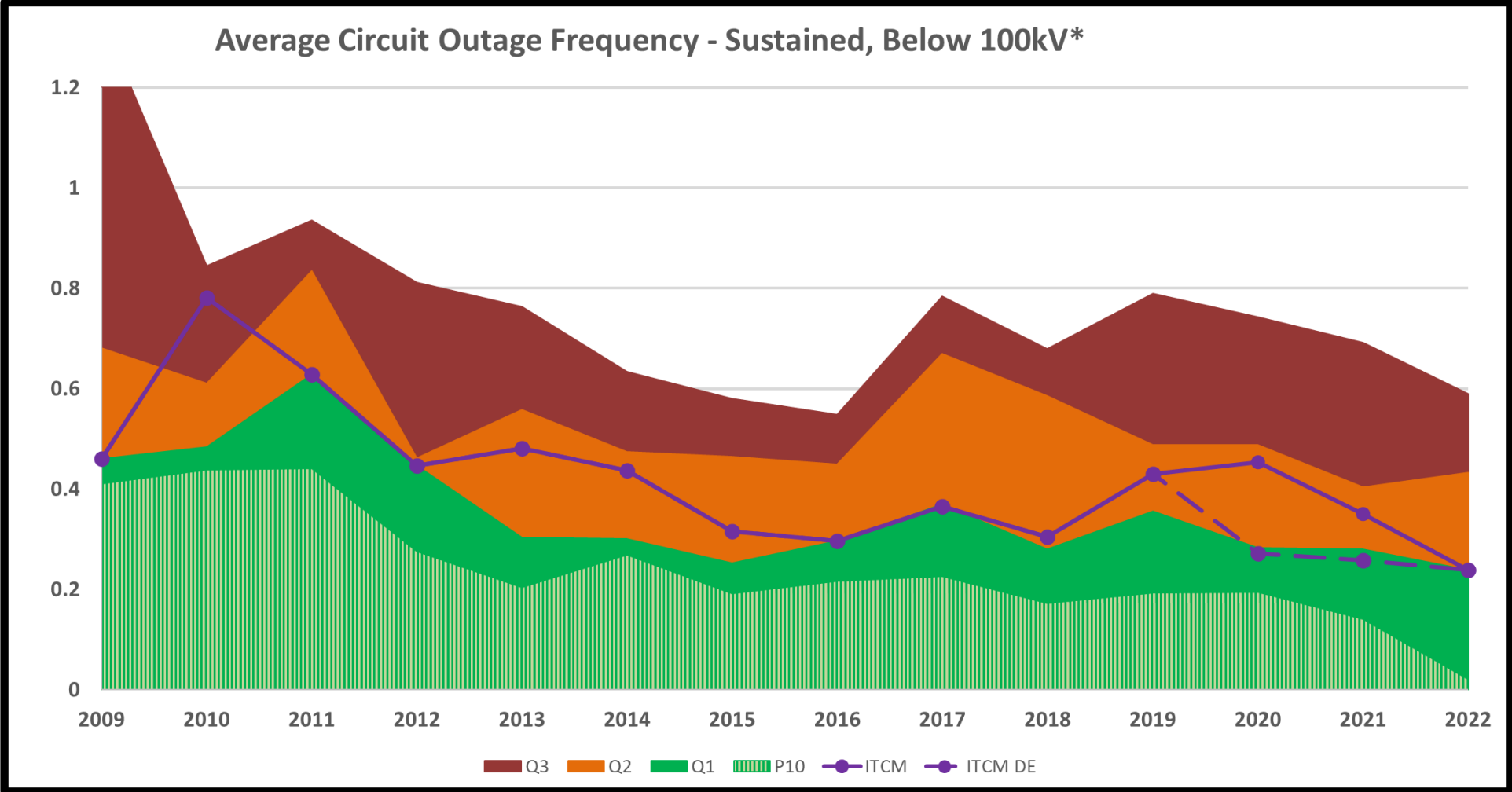
*Below 100 kV benchmarking does not include the 34.5 kV system

Reliability Performance - Benchmarking



*Below 100 kV benchmarking does not include the 34.5 kV system

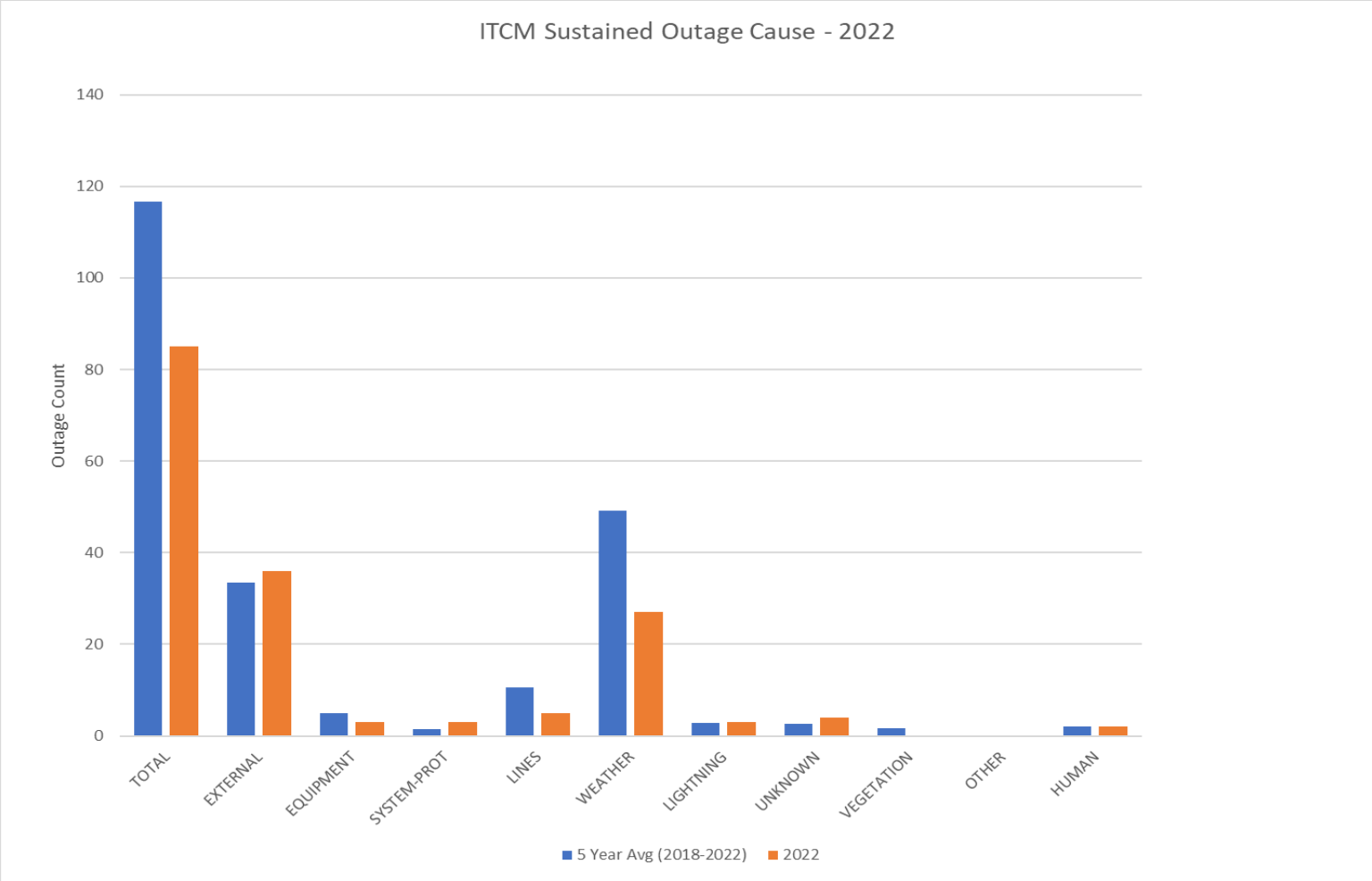
Reliability Performance - Benchmarking Trend



*Below 100 kV benchmarking does not include the 34.5 kV system

Reliability Performance Drivers

ITCM Sustained Outage Cause - 2022



ITCM performed near or below the 5-year average in most categories.

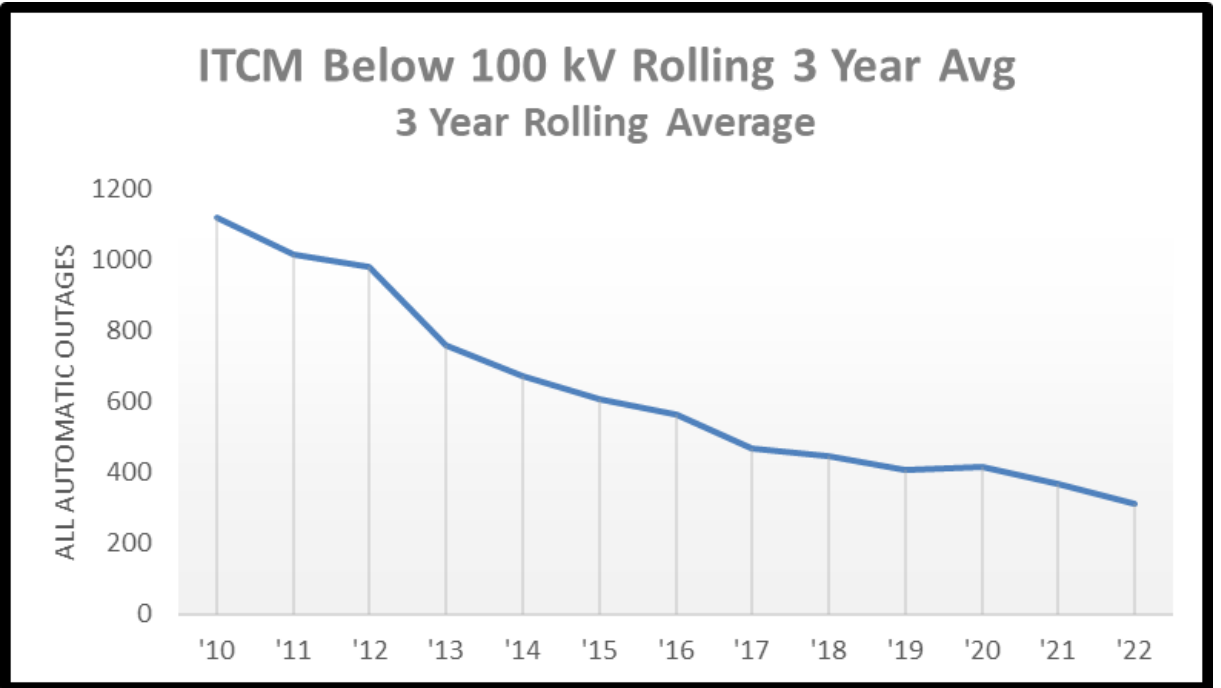
Externally caused and Weather-related outages contributed the most towards ITCMW's outage numbers for the year.

Outage Performance Improvements

Approximately 67% of the total ITCM circuits are below 100kV (34.5kV & 69kV)

Identification and maintenance of poor performing circuits has improved performance

Improvement is led by a reduction in outages on the 34.5kV system due in part to the ongoing conversion of 34.5kV circuits to 69kV



Questions?



Josh Hurst

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Lunch in the Atrium

ITC Midwest 2024 Projected Formula Rate



Kyle Beaudrie

Lead, Regulatory Analyst
kbeaudrie@itctransco.com



FOR THE GREATER GRID

Agenda



- Meeting Purpose
- Formula Rate Protocol Cycle
- Walk through the 2024 Projected Formula Rate Calculation
- Discuss Key Drivers of the 2024 Projected Formula Rate
- Next Steps for Stakeholders

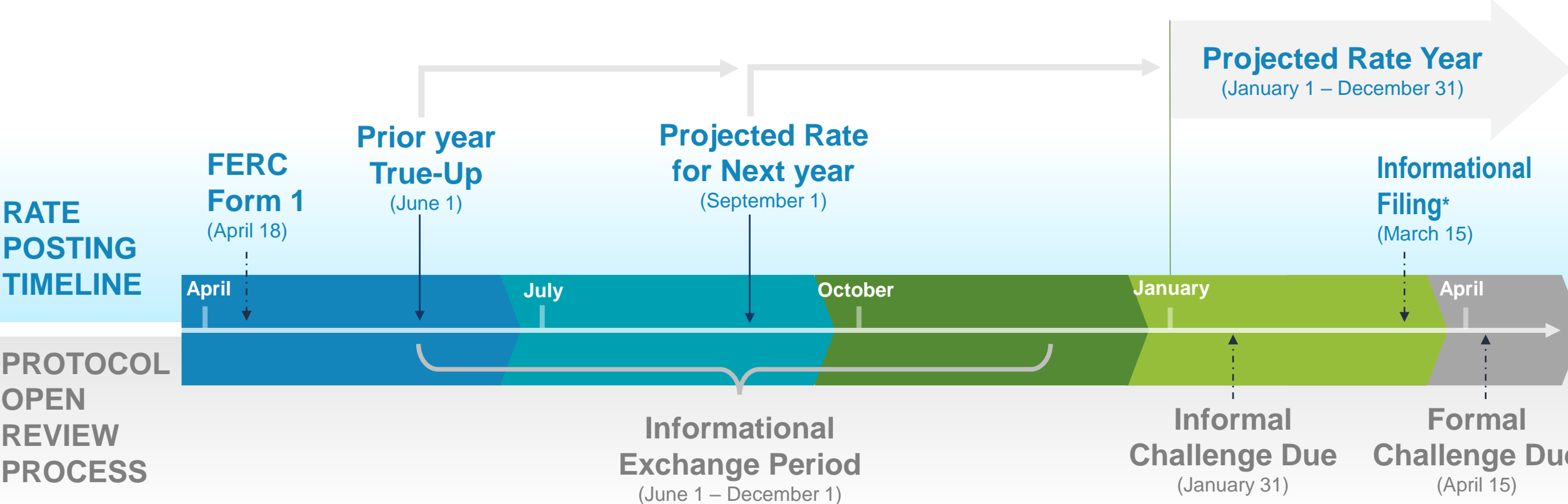
Meeting Purpose

Discuss ITC Midwest's 2024 Projected Rate, which was posted on September 1, 2023, and will be in effect for customer billing from January 1, 2024 – December 31, 2024

The rate postings, along with all content, can be found on the MISO Transmission Owners rate page and OASIS, or by using the link below:

- [ITC Midwest – 2024 Projected Rate Posting](#)

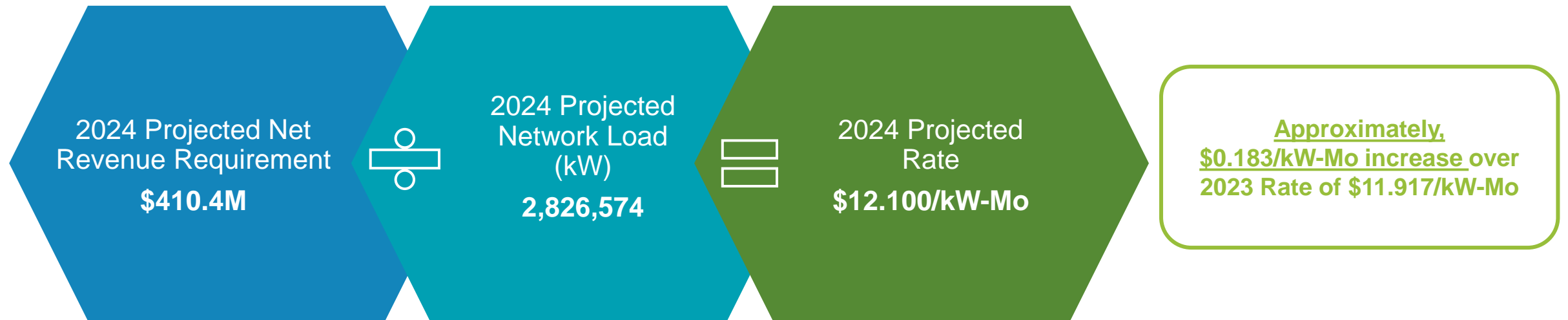
Formula Rate Protocol Cycle



*Includes complete True-Up and projected rate postings published the prior year

2024 Projected Formula Rate Calculation

ITC Midwest's 2024 Projected Network Rate is **\$12.100/kW-Mo**



ITC Midwest's 2024 Network Rate is \$12.100/kW-Mo.

Higher Return on Rate Base

- Due to capital projects projected to be placed in-service in 2023 and 2024

Higher Operating Expenses & Taxes

- Higher depreciation expense and income taxes driven by higher plant balances and projected capital in-service transfers
- Total O&M/A&G expense remained flat

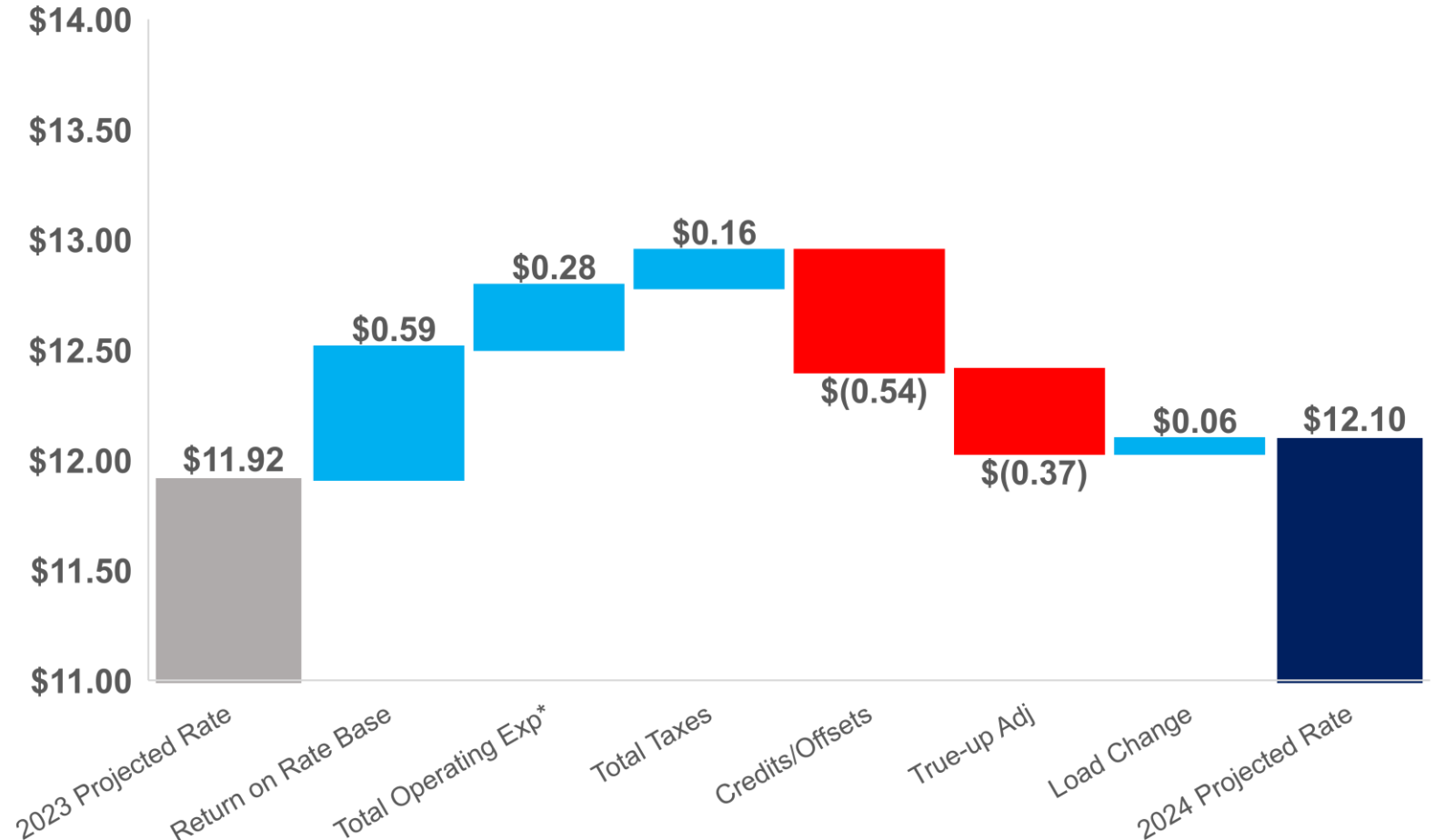
Higher Credits/Offsets

- Due to the regional allocation of the MVP #5 project's revenue requirement

Higher True-Up Adjustment

- Which went from a \$2.4M over-recovery in 2021 to a \$14.9M over-recovery in 2022

ITC Midwest Projected 2023 - 2024 Rate Change
\$/kW-Mo



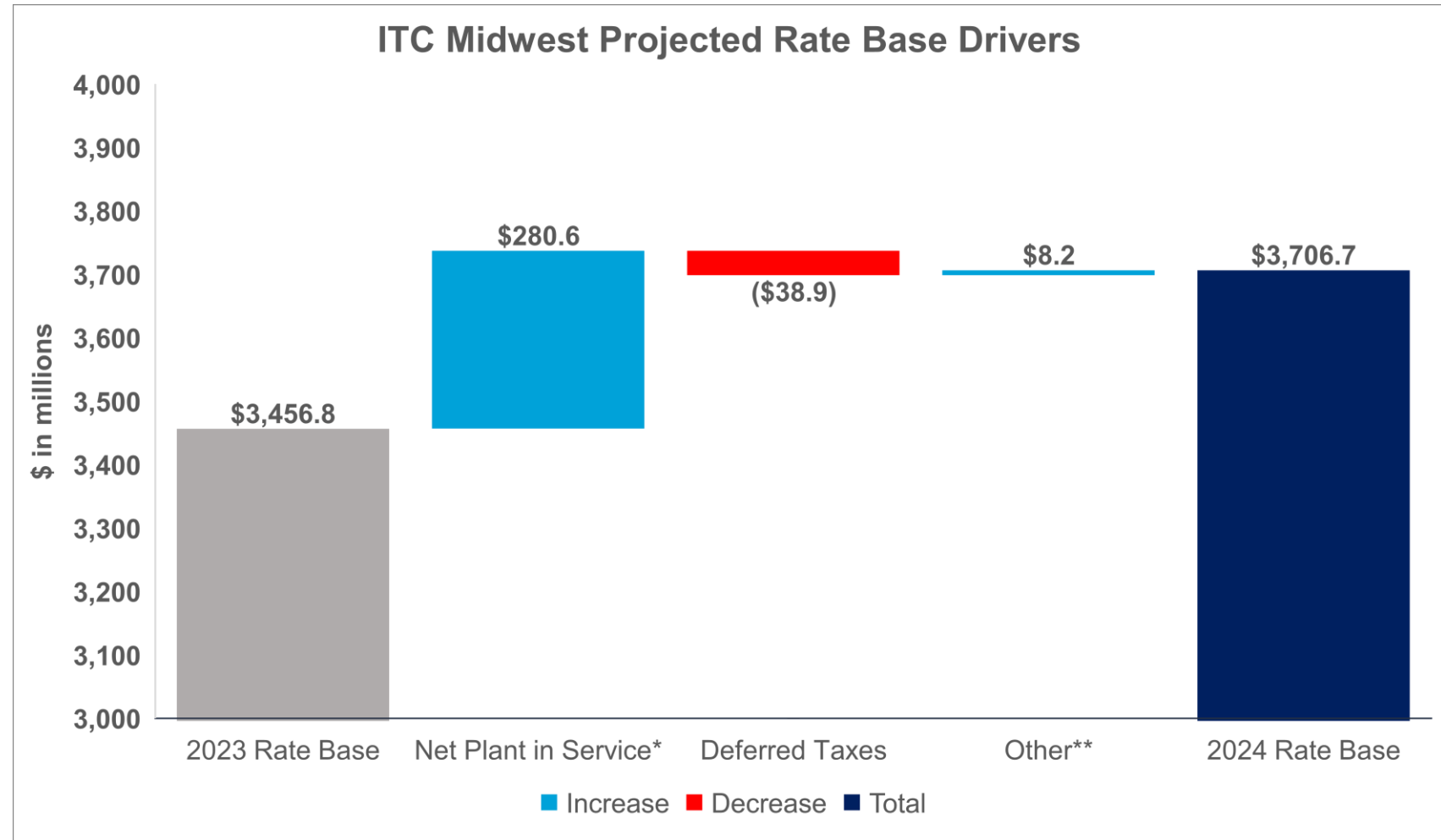
Key Drivers For Projected 2024 Rate Base

Higher Net Plant in Service

- Due to projected capital in-service transfers

Higher Deferred Taxes

- Primarily because of higher ADIT balance due to increased capital in-service transfers



*Net Plant In Service change \$280.6M is made up of Gross Plant in Service of \$381.0M less Accumulated Depreciation \$100.4M.

**Working Capital is made up of Cash Working Capital, Materials & Supplies, Land Held for Future Use and Prepayments

Major Projected 2024 Transfers to Plant in Service

Major Projects (\$ in thousands)	Transfers to Projected Plant In Service	Impact on 13-Month Average
MISO MVP Project #5	\$ 233,644	\$ 125,698
Blairstown-Williamsburg Tap Rebuild	38,580	20,774
Substation NRUC*/Reliability	27,493	13,180
OH-UG NRUC*/Reliability	24,314	13,148
34.5kV to 69kV Conversion Phase 1	21,720	14,418

- Planned capital additions include expected line, substation, and other construction projects that are currently known
- Projects identified represent our best estimates for projects to be initiated and completed
- Note that many factors such as regulatory approvals, construction resources, availability of materials, weather and other unforeseen events, could alter projections and schedules

Next Steps

- Information Exchange Process:



Submit any information requests in writing to:
misoformularates@itctransco.com
no later than December 1, 2023

ITC Midwest will respond via email within fifteen (15) business days of receipt of such requests

All questions and answers will also be posted on the OASIS and MISO Rate Data page

Questions?



Kyle Beaudrie

*Lead, Regulatory Analyst
kbeaudrie@itctransco.com*



Formula Rate Appendix

ITC Midwest's Projected Rate Increased by \$0.183/kW-Mo.

Description	2024 Projected	2023 Projected	Increase/ (Decrease)	% Variance
Projected Gross Plant in Service	\$ 5,218,995,289	\$ 4,837,950,816	\$ 381,044,473	
Accumulated Depreciation	847,173,351	746,772,413	100,400,938	
Deferred Income Taxes	-743,848,415	-704,929,681	-38,918,734	
M&S/Prepayment/CWC/Land	78,722,388	70,507,564	8,214,824	
<i>Rate Base</i>	<i>\$ 3,706,695,911</i>	<i>\$ 3,456,756,286</i>	<i>\$ 249,939,625</i>	<i>7.2%</i>
<i>Return on Rate Base</i>	<i>\$ 303,815,524</i>	<i>\$ 283,733,407</i>	<i>\$ 20,082,117</i>	<i>7.1%</i>
O&M Expenses	36,809,680	37,119,911	-310,231	
A&G Expenses	38,896,761	38,386,701	510,060	
Depreciation & Amortization Expense Amortization	128,414,648	119,101,778	9,312,870	
Income Taxes	88,140,644	81,746,116	6,394,528	
Taxes Other than Income Taxes	21,650,335	22,677,808	-1,027,473	
<i>Total Operating Expenses</i>	<i>\$ 313,912,068</i>	<i>\$ 299,032,314</i>	<i>\$ 14,879,754</i>	<i>5.0%</i>
Credits/Offsets (Sch. 26, 26A, PTP, Rent, Schedule 50)	192,333,101	174,247,269	18,085,832	
True-Up Adjustments	-14,962,903	-2,396,929	-12,565,974	
Projected Net Revenue Requirement*	410,431,588	406,121,523	4,310,065	
Projected Network Load (based on 12 CP; kW)	2,826,574	2,839,833	-13,259	
Projected Rate (\$/kW-Mo)	\$ 12.100	\$ 11.917	\$ 0.183	1.5%

Calculation of ITC Midwest's Rate Base

Rate Base Items	2024 Projected Amount	2023 Projected Amount	Increase/ (Decrease)	% Variance
Gross Plant in Service	\$ 5,218,995,289	\$ 4,837,950,816	\$ 381,044,473	
- Accumulated Depreciation	847,173,351	746,772,413	100,400,938	
Net Plant in Service*	\$ 4,371,821,938	\$ 4,091,178,403	\$ 280,643,535	6.9%
+ Accumulated Deferred Income Taxes	-743,848,415	-704,929,681	-38,918,734	
+ Materials & Supplies	62,842,050	56,598,400	6,243,650	
+ Land Held for Future Use	1,340,841	0	1,340,841	
+ Prepayments	5,076,192	4,470,837	605,355	
+ Working Capital	9,463,305	9,438,327	24,979	
= Total Rate Base*	\$ 3,706,695,911	\$ 3,456,756,286	\$ 249,939,626	7.2%

Calculation of Rate of Return & Allowed Return

Cost of Capital	Weight	Cost	2024 Projected WACC	2023 Projected WACC	Increase/ (Decrease)
Equity	60%	10.77%	6.46%	6.46%	
Debt	40%	4.34%	1.73%	1.75%	
Rate of Return*			8.20%	8.21%	-0.01%

Allowed Return	2024 Projected Amount	2023 Projected Amount	Increase/(Decrease)	% Variance
Rate Base	\$ 3,706,695,911	\$ 3,456,756,286	\$ 249,939,626	
x Return (above)	8.20%	8.21%		
= Allowed Return*	\$ 303,815,524	\$ 283,733,407	\$ 20,082,117	7.1%

Calculation of Gross Revenue Requirement before Revenue Credits & Offsets

Operating Expense + Income Taxes	2024 Projected Amount	2023 Projected Amount	Increase/ (Decrease)	% Variance
Operation & Maintenance Expenses	\$ 36,809,680	\$ 37,119,911	-310,231	
Administrative & General Expenses	38,896,761	38,386,701	510,060	
Depreciation Expense	128,414,648	119,101,778	9,312,870	
Taxes Other Than Income Taxes	21,650,335	22,677,808	-1,027,473	
Income Taxes	88,140,644	81,746,116	6,394,528	
Total Operating Expenses + Income Taxes*	\$ 313,912,068	\$ 299,032,314	\$ 14,879,754	5.0%

Projected Gross Revenue Requirement	2024 Projected Amount
2024 Projected Allowed Return (from previous slide)	\$ 303,815,524
+ Projected Operating Expenses + Income Taxes (above)	313,912,068
2024 Projected Gross Revenue Requirement before Revenue Credits & Offsets*	\$ 617,727,591

Calculation of Revenue Requirement after Revenue Credits & Offsets

Gross Revenue Requirement & Revenue Credits & Offsets	2024 Projected Amount	2023 Projected Amount	Increase/(Decrease)	% Variance
Gross Revenue Requirement before Revenue Credits & Offsets	\$ 617,727,591	\$ 582,765,721	\$ 34,961,870	
Less: Attachment GG Revenue Requirement (Sch. 26)	26,896,572	27,558,764	-662,192	
Less: Attachment MM Revenue Requirement (Sch. 26A)	137,570,471	119,626,692	17,943,779	
Less: Point-to-Point/Other Transmission Service Revenues	24,786,644	23,922,119	864,525	
Less: Rental & Schedule 50 Revenues	3,079,414	3,139,694	-60,280	
Total Revenue Credits & Offsets*	\$ 192,333,101	\$ 174,247,269	\$ 18,085,832	10.4%
Total 2024 Projected Revenue Requirement after Revenue Credits & Offsets*	\$ 425,394,490	\$ 408,518,452	\$ 16,876,038	4.1%

*Totals may not reconcile due to rounding

Calculation of Net Revenue Requirement after 2022 True-Up

Net Revenue Requirement

2024 Projected Revenue Requirement after Revenue Credits & Offsets	\$	425,394,490
+ 2022 True-up Adjustment under/(over) Recovery		-14,962,903
2024 Projected Net Revenue Requirement (including 2022 True-up Adjustment*)	\$	410,431,587

Stakeholder Panel – Growing Together



Cheri Monahan

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Stakeholder Relations*
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FOR THE GREATER GRID

Stakeholder Panel – Growing Together



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Questions?

Closing



Aaron Curtis

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Meeting Feedback

We value your thoughts on how we can continue to improve these meetings.

Please visit: <https://forms.office.com/r/M1wdniVRAY> or scan this code to find a quick evaluation.



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Our Next Meetings

**ITC MIDWEST
SPRING 2024 PARTNERS
IN BUSINESS MEETINGS**

Thank You for Attending!

Copies of today's presentation are available at:

<https://www.itc-holdings.com/op/itc-midwest/midwest-partners-in-business>

<http://www.oasis.oati.com/ITCM/index.html>

Please leave your nametag on the table before you leave. Thank you!

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A blue-tinted landscape photograph of a field with a utility pole and a dark blue banner with white text. The scene shows a utility pole on the left, a field of tall grass or crops in the foreground, and a line of trees and buildings in the distance under a cloudy sky. A dark blue banner with white text is overlaid on the right side of the image.

Enjoy the fall season!