BEFORE THE

MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of the Joint Application of Entergy Arkansas, Inc., Mid South TransCo LLC, Transmission Company Arkansas, LLC and ITC Midsouth LLC for Approval of Transfer of Assets and Certificate of Convenience and Necessity, and Merger and, in connection therewith, Certain Other Related Transactions	)	File No. EO-2013-0396

DIRECT TESTIMONY AND EXHIBITS

OF

JON E. JIPPING

ON BEHALF OF ITC MIDSOUTH LLC

APRIL 2013

ITC Exhibit No. 9
Date 6-18-13 Reporter KF
File No EA 2013-0396

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EXHIBIT LIST

I. INTRODUCTION

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Jon E. Jipping. My business address is 27175 Energy Way, Novi, Michigan 48377.

Q2. BY WHOM ARE YOU PRESENTLY EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by ITC Holdings Corp. ("***ITC***") as its Executive Vice President and Chief Operating Officer ("***COO***").

Q3. PLEASE DESCRIBE YOUR RESPONSIBILITIES AS EXECUTIVE VICE PRESIDENT AND COO OF ITC.

A. I oversee the operations of ITC's four subsidiary operating companies, which are International Transmission Company d/b/a ITC*Transmission* ("***ITCT***"), Michigan Electric Transmission Company, LLC ("***METC***"), ITC Midwest LLC ("***ITCMW***"), and ITC Great Plains, LLC ("***ITCGP***").

Reporting to me are the Vice President of Operations, Vice President of Planning, Vice President of Engineering, Vice President and Chief Information Officer ("***CIO***"), Director of Supply Chain, and the Director of Facilities and Security.

The Vice President of Operations is responsible for real time operations, which involves control room operations, operator training, system reliability monitoring, and shutdown coordination. The Vice President of Operations is also responsible for emergency preparedness and response, North American Electric Reliability Corporation

("***NERC***") Reliability Standards compliance, operations policy, and operational engineering. Approximately 95 employees report to the Vice President of Operations.

The Vice President of Planning is responsible for all aspects of transmission system planning, including reliability planning in each of our operating companies, regional planning, economic planning, load forecasting, and planning policy. Approximately 35 employees report to the Vice President of Planning, most of whom are engineers performing the necessary analytical work.

The Vice President of Engineering is responsible for the engineering, maintenance, and construction disciplines. This includes substation design, transmission line design, project engineering, asset management, and field maintenance. Approximately 126 employees report to the Vice President of Engineering.

The Vice President and CIO is responsible for application development and support, and also information technology services. Approximately 53 employees report to the CIO.

The Director of Supply Chain is responsible for our procurement, supply chain, warehouse, and logistics activities. Approximately nine employees report to the Director of Supply Chain.

The Director of Facilities and Security is responsible for physical security of all of our facilities, including our headquarters building in Novi, Michigan, general facility maintenance functions, and overall coordination of ITC's safety program. Approximately 16 employees report to the Director of Facilities and Security.

Q4. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I have a Bachelor of Science in Electrical Engineering from Calvin College in Grand Rapids, Michigan and a Master of Science in Electrical Engineering, concentrating in power systems, from Michigan Technological University in Houghton, Michigan.

Q5. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.

A. I joined the Detroit Edison Company ("Detroit Edison") in Engineering Research in 1989. In 1991, I became an Operations Engineer in Transmission System Operations. Subsequently, I held a variety of positions in Transmission and Subtransmission Planning, including Manager of Transmission Planning. My last position at Detroit Edison was as Manager of Business Systems and Applications within the Service Center Organization. In March 2003, I joined ITC as Director of Engineering and thereafter was promoted to Vice President of Engineering. In 2007, I was promoted to my current position of COO.

Q6. ARE YOU A MEMBER OF ANY PROFESSIONAL ORGANIZATIONS?

A. I am a Registered Professional Engineer in the State of Michigan. I am a member of the Edison Electric Institute's (***"EEI"***) CEO Policy Committee on Energy Delivery. I am also a member of the North American Transmission Forum. Additionally, I currently serve as chair of the Michigan Technological University's Department of Electrical and Computer Engineering External Advisory Committee.

Q7. HAVE YOU PROVIDED TESTIMONY IN PRIOR PROCEEDINGS BEFORE STATE COMMISSIONS?

A. Yes. I have testified in the following dockets in Kansas, Iowa, Illinois, Minnesota and Arkansas:

Kansas Corporation Commission:

- *In the Matter of the Application of ITC Great Plains, LLC for a Limited Certificate of Public Convenience and Authority to Transact the Business of an Electric Public Utility in the State of Kansas (Ford, Kiowa, Clark, Comanche and Barber Counties)* and *08-PWTE-1022-COC, In the Matter of the Application of Prairie Wind Transmission, LLC for a Certificate of Public Convenience to Transact the Business of an Electric Public Utility in Ford, Kiowa, Clark, Comanche, Barber, Pratt, Harper, Kingman, Sumner and Sedgwick Counties, Kansas*, Docket Nos. 08-ITCE-936-COC, 08-ITCE-937-COC, and 08-ITCE-938-COC (consolidated dockets).

Illinois Commerce Commission:

- *Joint Petition for Approval of Sale of Utility Assets Pursuant to Section 7-102; Transfer of Franchises, Licenses, Permits or Rights to Own Pursuant to Section 7-203; Transfer of Certificates of Convenience and Necessity Pursuant to Section 8-406; Approval of the Discontinuance of Service Pursuant to 8-508; and the Granting of All Other Necessary and Appropriate Relief*, Docket No. 07-0246.

Iowa Utilities Board:

- *Joint Petition for Approval of the Transfer of Transmission Assets of Interstate Power and Light Company and ITC Midwest LLC*, Docket No. SPU-07-11.

Minnesota Public Utilities Commission:

- *Joint Petition for Approval of the Transfer of Transmission Assets of Interstate Power and Light Company and ITC Midwest LLC*, Docket No. E001/PA-07-540.

Arkansas Public Service Commission:

In The Matter Of An Application Of Entergy Arkansas, Inc., Mid South Transco LLC, ITC Midsouth LLC, Transmission Company Arkansas, LLC, And ITC Holdings Corp. To Enter Transactions Resulting In A Certificate Of Public Convenience And Necessity For A New Arkansas Utility To Own EAI's Electric Transmission Facilities, Docket No. 12-069-U.

I have also testified in Texas, Mississippi, Louisiana and New Orleans regarding this transaction.

Q8. HAVE YOU TESTIFIED BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION?

A. Yes. I have testified about this transaction and also in the following Federal Energy Regulatory Commission ("FERC") Dockets:

- *Promoting Transmission Investment Through Pricing Reform*, Docket No. RM06-4-000, Reply Comments of International Transmission Company, Exhibit A, Affidavit of Jon E. Jipping, Feb. 14, 2005.
- *Interstate Power and Light Co. v. ITC Midwest LLC*, Docket No. EL09-11-000, ITC Midwest LLC's Answer to Complaint, Exhibit ITCM-1, Affidavit of Jon E. Jipping, Dec. 8, 2008.

- *Green Power Express LP*, Docket No. ER09-681-000, Exhibit GPE-800, Direct Testimony of Jon E. Jipping, Feb. 9, 2009.

Q9. DOES YOUR TESTIMONY INCLUDE ANY SUPPORTING INFORMATION OR EXHIBITS?

A. Yes. I am sponsoring the following exhibits:

- **Exhibit JEJ-1**: ITC Corporate Organization Structure
- **Exhibit JEJ-2**: Historical Capital Investments
- **Exhibit JEJ-3**: Spearville to Axtell Project Map
- **Exhibit JEJ-4**: 2011 EEI Safety Survey Results (ITC comparative results only)
- **Exhibit JEJ-5**: Reactive Versus Preventive Maintenance Trend
- **Exhibit JEJ-6HC**: SGS Transmission Reliability Benchmarking Study (2012)
- **Exhibit JEJ-7**: ITC Outage Reliability Metrics for 2011
- **Exhibit JEJ-8**: Outage Cause Analysis Report and Documentation
- **Exhibit JEJ-9**: Value of Reliability Improvements on the ITC System
- **Exhibit JEJ-10**: ITC Disaster Recovery Plan
- **Exhibit JEJ-11**: ITC Procurement Strategy
- **Exhibit JEJ-12**: Letters Received from ITC's Supply Chain Vendors
- **Exhibit JEJ-13**: High Level ITC Management Reporting Structure
- **Exhibit JEJ-14:** Transition Services Agreements

II. PURPOSE OF TESTIMONY

Q10. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. On December 4, 2011, Entergy Corporation[1] and ITC entered into agreements under which Entergy Arkansas, Inc. ("EAI") and the other Entergy Operating Companies will separate and then merge their transmission businesses into ITC. I will generally refer to this separation and merger collectively as the "***ITC Transaction***" or "***Transaction***." The purpose of my testimony is to support the approval of the Transaction and to demonstrate from an operational perspective how the Transaction will enhance Entergy's transmission system.

Q11. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying on behalf of ITC Midsouth LLC.

III. SUMMARY OF TESTIMONY

Q12. PLEASE SUMMARIZE YOUR TESTIMONY.

A. I will first provide an overview of the current ITC transmission system. I will then discuss ITC's singular focus on transmission, and how that provides a platform for ITC's stewardship of the transmission networks it operates and maintains. This singular focus

[1] Entergy Corporation is the holding company subject to the Public Utility Holding Company Act of 1935 that owns the Entergy Operating Companies – Entergy Arkansas, Inc.; Entergy Gulf States Louisiana, L.L.C.; Entergy Louisiana, LLC; Entergy Mississippi, Inc.; and Entergy New Orleans, Inc.; and Entergy Texas, Inc.; as well as System Energy Resources, Inc. (SERI), the owner of Grand Gulf; and numerous other corporate subsidiaries that are engaged in competitive enterprises.

has produced a proven track record of operational excellence, which includes a commitment to safety, a specific approach to transmission system maintenance, a culture of compliance, an effective storm response plan, efficient supply chain management, and stakeholder engagement, all of which are described in more detail in my testimony. I discuss the current management structure of ITC and describe with some specificity how we will integrate the ITC Midsouth LLC operating companies, including ITC Arkansas LLC, ("ITC Arkansas") and the other new ITC Midsouth operating companies collectively the "ITC Midsouth Operating Companies")[2] into our organizational structure. Finally, I describe the process ITC and Entergy Corporation are using to ensure business continuity of the critical functions necessary for the safe and reliable operation of the Entergy transmission system, including the facilities that serve wholesale customers in Missouri.

IV. OVERVIEW OF THE ITC TRANSMISSION SYSTEM

Q13. PLEASE PROVIDE AN OVERVIEW OF THE ITC TRANSMISSION SYSTEM.

A. ITC's transmission system is comprised of assets in four operating companies: ITCT, METC, ITCMW, and ITCGP. I am sponsoring an exhibit which shows the organizational

[2] ITC witness Mr. Joseph Welch explains that as part of the ITC Transaction, Entergy Corporation's subsidiary, Mid South TransCo LLC, will merge with ITC's subsidiary, ITC Midsouth LLC. Mid South TransCo LLC will be the surviving entity. After the merger, however, ITC will change Mid South TransCo's name to "ITC Midsouth LLC". Accordingly, after the merger and name change occurs, ITC Midsouth LLC will be the holding company for all of the new ITC operating companies that will hold the former Entergy transmission system assets, including the ITC Arkansas, LLC operating company that will operate in Missouri. The new ITC operating companies that will be subsidiaries of ITC Midsouth LLC are ITC Arkansas LLC, ITC Louisiana LLC, ITC Mississippi LLC and ITC Texas LLC.

structure of the operating companies as they exist today (**Exhibit JEJ-1**). I will discuss ITC's management structure in more detail later in my testimony.

ITC is the nation's first, largest, and only publicly traded independent transmission company. ITC owns and operates approximately 15,000 miles of transmission with voltages from 34.5 to 345 kilovolts (kV) in the states of Michigan, Iowa, Minnesota, Illinois, Missouri, Kansas and Oklahoma, and serves a peak load of over 26,000 megawatts (MW).

ITCT, our operating company in southeast Michigan, is comprised of the transmission assets formerly owned by Detroit Edison and its parent company DTE Energy. ITCT serves the densely populated Detroit metropolitan area and its concentration of automotive and other manufacturing and supplier facilities in the region. ITCT's transmission system is comprised predominantly of 120 kV and 345 kV facilities. ITCT also owns and operates some 230 kV facilities, as well as underground transmission facilities operated at 120 kV and 345 kV.

METC, our operating company that covers much of the remainder of the lower peninsula of Michigan, is comprised of the transmission assets formerly owned by Consumers Energy and its parent company CMS Energy. METC's transmission system is comprised of 138 kV and 345 kV facilities. The METC system also has several interconnections with electric cooperatives and municipal utilities.

ITCMW, our operating company in Iowa, Minnesota, Illinois, and Missouri, is comprised of the transmission assets formerly owned by Interstate Power and Light Company and its parent company Alliant Energy. The ITCMW footprint is

predominantly rural in nature. ITCMW owns and operates transmission at voltage levels of 34.5 kV[3], 69 kV, 115 kV, 161 kV, and 345 kV. ITCMW also has numerous interconnections with electric cooperatives and municipal utilities.

ITCGP operates 107 miles of 345 kV transmission in Kansas and Oklahoma, and is currently constructing over 200 additional miles of 345 kV transmission in Kansas. Unlike our other operating companies, ITCGP was not created from the acquisition of a transmission system from another utility, but rather has acquired the rights to construct, own and operate specific facilities through partnerships with local utilities in Kansas and Oklahoma. ITCGP owns and operates two lines and a few substations within the footprints of three electric cooperatives. ITCGP's activities highlight our commitment to constructing regional projects where the Regional Transmission Organization ("***RTO***") has identified such needs through a robust, independent planning process.

ITC has experience operating and maintaining transmission systems of various voltage levels across diverse geographies and conditions. Table 1 depicts the total mileage by voltage class for the ITC system and each ITC operating company.

[3] ITCMW's 34.5 kV facilities are transmission facilities. ITCMW is in the process of upgrading the 34.5 kV network to 69 kV.

Table 1. Line Mileage by Voltage Class for ITC Operating Companies

	ITCT	METC	ITCMW	ITCGP	Total
345 kV	985	1,953	376	107	3,421
230 kV	106	0	0	0	106
161 kV	0	0	1,540	0	1,540
138 kV	31	3,527	0	0	3,558
120 kV	1,696	19	0	0	1,715
115 kV	0	0	323	0	323
69 kV	0	0	2,695	0	2,695
34.5 kV	0	0	1,670	0	1,670
Total	2,818	5,499	6,604	107	15,028

Q14. IN WHICH RTO AND REGIONAL RELIABILITY ENTITY IS EACH OPERATING COMPANY A MEMBER?

A. ITCT, METC, and ITCMW are members of the Midwest Independent Transmission System Operator, Inc. ("***MISO***") RTO. For the purpose of NERC Regional Entity participation, ITCT and METC are members of the Reliability*First* Corporation Regional Entity; ITCMW is a member of the Midwest Reliability Organization ("***MRO***") Regional Entity. ITCGP is a member of the Southwest Power Pool, Inc. ("***SPP***") RTO and the SPP Regional Entity. All four ITC operating companies are registered Transmission Owners and Transmission Operators in their respective Regional Entities. The ITC operating

companies physically operate and maintain the transmission facilities that they own, and have transferred functional control of the transmission system to their RTO for reliability coordination and other functions for which the RTOs exercise operational authority. ITCT, METC, and ITCMW are registered Transmission Planners.

V. SINGULAR FOCUS ON TRANSMISSION

A. Differentiation of the ITC Business Model

Q15. WHAT MAKES ITC DISTINCT FROM OTHER TRANSMISSION OWNERS?

A. ITC is an independent transmission company. Our business is owning, operating, maintaining, and developing electric transmission infrastructure. We have a singular focus on being an excellent owner and operator of electric transmission systems. ITC witness Mr. Joseph Welch discusses the attributes of ITC's independence in more detail in his testimony.

As an independent transmission company with a singular focus on transmission, the ITC business model is fundamentally different from the Entergy transmission system business model and the business models of other transmission owners in the industry. Our singular focus allows our management team and employees to concentrate exclusively on the transmission business, without having to divide their attention between transmission and non-transmission related functions like generation and distribution. This translates into stronger system performance, as evidenced through industry surveys and benchmarking studies. The singular focus on transmission also eliminates any capital pressure experienced by traditional integrated utilities that must provide capital to

transmission and non-transmission lines of business, since ITC does not own, operate, or maintain generation or distribution assets. Capital spending is covered in more detail in ITC witness Mr. Cameron Bready's testimony.

Independence ensures there is no bias and eliminates the perception of bias in planning or operating the transmission system. ITC has no incentive to favor one generation source or owner over another. We are in the business of enabling transmission for the purposes of interstate, wholesale commerce, and, as such, we look for ways to improve grid resiliency and system reliability while relieving transmission constraints in an economically justified manner and maintaining a safe workplace. Ensuring there is no perception of bias leads to more robust participation of stakeholders in the transmission planning processes, which in turn leads to robust market competition and the participation required to build a robust national transmission infrastructure. Mr. Welch discusses national electric policy in more detail as it relates to transmission development.

Q16. HOW DOES ITC'S SINGULAR FOCUS TRANSLATE INTO BENEFITS FOR THE REGION FROM AN OPERATIONAL PERSPECTIVE?

A. ITC's singular focus on transmission allows ITC to dedicate its efforts exclusively to the betterment of the transmission system. This translates directly into improved reliability, including a reduction in transmission outages. ITC's excellent reliability is evident in the performance metrics that I will discuss. I will also discuss the monetary value of reliability.

Our singular focus is a key factor in achieving best-in-class transmission performance through specialization, expertise and operational excellence where our people and processes are dedicated, devoted and constantly thinking about effective and efficient transmission operations. An independent transmission company has only one business to be judged by, with a clear set of standards. This incentivizes the company to look for ways to improve transmission performance, striving for operational excellence in its one business line. ITC takes this to heart, constantly looking for ways to improve system reliability for the benefit of transmission customers.

Q17. WHAT ARE THE STRENGTHS OF ITC'S PRACTICES ACROSS ITS FOUR EXISTING OPERATING COMPANIES?

A. Our operations and maintenance approach delivers reliability benefits to our customers. We have performance metrics for measuring the reliability of our transmission system, and our focus on performance improvement has driven our two Michigan operating companies into the top decile among our peers in the industry. One important factor in achieving this level of performance is our focus on proactive, preventive maintenance to ensure that system components are repaired or replaced before they fail or misoperate, potentially causing catastrophic equipment damage and jeopardizing the ability of the transmission system to reliably serve customers.

Another strength is our bottom-up planning process to identify and build new projects. As detailed in the testimonies of ITC witnesses Messrs. Joseph Welch and Thomas Vitez, our sole focus on transmission and complete independence from market

participants allows us to objectively identify projects that reduce congestion across a broad region, strengthen reliability, and facilitate wholesale electric competition through greater market access and transparency for customers. As our record indicates, we also build the projects we plan. Gross investments in property, plant and equipment increased from $41 million in 2003 to $632.9 million in 2011. Planned gross investment in property, plant and equipment for 2012 is $730 to $830 million. I am including an exhibit which graphically depicts the historical levels of investment ITC has made since 2003.[4]

Q18. PLEASE PROVIDE EXAMPLES OF ITC'S DEVELOPMENT OF NEW PROJECTS THAT REDUCE CONGESTION, STRENGTHEN RELIABILITY AND FACILITATE WHOLESALE ELECTRIC COMPETITION.

A. ITC's operating companies have made and continue to make significant investments in the grid to improve reliability, reduce congestion, improve system efficiency, and interconnect new generation and load.

One particular project that I want to highlight is the ITCGP Spearville to Axtell Project in Kansas and southern Nebraska.[5] This project runs from Spearville, Kansas, in the southwestern part of Kansas; north to the Post Rock substation just outside of Hays, Kansas; and then north to Axtell, Nebraska. The Kansas Electric Transmission Authority ("*KETA*") identified this particular project in 2007 through its initiatives to bring

4 *See* Exhibit JEJ-2.
5 *See* Exhibit JEJ-3.

significant economic and reliability benefits to Kansas and the regional transmission grid. KETA is an organization created in 2005 by the Kansas Electric Transmission Authority Act (HB 2263), and is intended to promote and facilitate expansion of the Kansas transmission infrastructure for the betterment of the Kansas economy.

ITCGP worked with the incumbent electric cooperatives to acquire the rights to build the Kansas portion of this 345 kV project, from Spearville to the Kansas/Nebraska state line. This allowed the electric cooperatives to deploy their own limited capital for other projects in their footprints and to utilize ITC's expertise in building, operating and maintaining the transmission project. Our agreement with the electric cooperatives prevented them from having to choose between new generation resources for meeting their load obligations, and transmission investment to bring cheaper and renewable resources to the region. The electric cooperatives chose to allow ITC the opportunity to bring the transmission project to fruition.

The first segment of the line – from Spearville to Post Rock – was energized in June 2012. The second segment – from Post Rock to Axtell, Nebraska – will be energized by the end of 2012, ahead of the SPP schedule and in line with the desires of the utility in Nebraska, to accelerate the benefits to western Kansas and southern Nebraska. Current estimates show the final cost of the total project will be roughly $148 million, less than the previously estimated $203 million prior to siting approval. In addition to improving reliability and efficiency of the regional grid, the project also will reduce congestion across the transmission network and address the lack of high-voltage transmission lines in central and western Kansas.

Another recent project to highlight is the Hugo to Valliant Project, placed into service by ITCGP in June 2012. This project is a new 18-mile, 345 kV transmission line in Oklahoma that facilitates new transmission service requests in southwest Oklahoma. By again working with a local electric cooperative, ITCGP was able to (1) construct a transmission project that facilitated additional flexibility in network resource designation for the utility and (2) reduce overall transmission constraints in delivering power from southwestern Arkansas into southeastern Oklahoma.

Other project examples are presented in the testimonies of ITC witnesses Messrs. Joseph Welch, Thomas Vitez, and Douglas Collins.

Q19. DOES ITC USE ADVANCED TECHNOLOGY TO STRENGTHEN TRANSMISSION SYSTEM RELIABILITY?

A. Yes. ITC is focused on maintaining and improving the reliability of the transmission system through the most cost-effective means that will deliver the results we demand. We have deployed innovative and advanced technology to deliver efficiencies and reliability improvements into the operation of the system. ITC pursues these types of opportunities to capture incremental reliability enhancements that provide customer value where the advanced technologies have proven their viability in previous applications. Our effort to evaluate and deploy advanced technologies helps ITC in its pursuit of best-in-class performance while providing customers with a more robust and reliable transmission system.

Q20. PLEASE PROVIDE EXAMPLES OF ITC'S DEPLOYMENT OF ADVANCED TECHNOLOGY AT ITS EXISTING OPERATING COMPANIES.

A. One example of our use of advanced technology is the use of transformer monitoring software. Recognizing that transmission transformers represent one of the most expensive pieces of equipment and the most significant system impact attributable to any catastrophic failure, ITC implemented a computerized system to monitor aspects and characteristics of our over 80 system transformers throughout the state of Michigan (covering ITCT and METC footprints). Using our data networks, the web-based monitoring system alerts the Engineering Department when it detects abnormalities with a transformer's function or components. By properly utilizing data provided by this advanced transformer monitoring equipment, ITC engineers are able to perform targeted diagnostics on the transformer to determine the nature of the abnormality. In one particular instance, our engineers were able to successfully avert a catastrophic transformer failure by identifying an imminent failure before it occurred. This example demonstrates an area where ITC deploys advanced technology and where it is expected to provide an incremental improvement in reliability. The new technology deployments allow ITC's staff to direct and perform maintenance before catastrophic failure renders a transformer inoperable, reduces system performance and then requires costly replacement.

Another example of our use of advanced technology is the deployment of Phase Measurement Units ("***PMU***"s), or synchrophasors, across our system. ITC is participating with MISO on its synchrophasors Project. MISO received grant money

from the U.S. Department of Energy (*"**DOE**"*) to offset the cost of synchrophasor deployment, and ITC received some of these funds to install the devices on our transmission system. The advanced technology aspect of synchrophasor deployment stems from utilizing highly accurate microprocessor-based data collection and broadband telecommunication. The intent is to obtain the magnitude and phase angle of system current and voltage at a relatively high frequency, typically measured at 30 samples per second, synchronize them via GPS time, and stream the data for its use. This data acquisition occurs at a much higher rate than traditional real-time data is acquired from the system (typically one sample every four to eight seconds). ITC has committed to installing PMUs at 15 selected stations – five on the ITCT system, five on the METC system, and five on the ITCMW system. Each PMU will stream data to ITC's Phase Data Concentrator, which then passes the data on to MISO. Synchrophasor data has already been used to support after-the-fact investigations that traditional data acquisition systems are not able to detect or determine. The installation of synchrophasors seeks to improve real-time wide area visualization. With synchrophasor data, system operators can be trained to determine potential system conditions that would adversely impact system reliability. In the future, synchrophasor data will be able to improve the reliable operation of the grid by detecting system anomalies, preventing power outages and improving real-time operations.

Q21. DOES ITC HAVE PLANS FOR ADVANCED TECHNOLOGIES TO BE DEPLOYED BY ITC ARKANSAS AND THE OTHER NEW ITC MIDSOUTH OPERATING COMPANIES?

A. ITC will maintain an approach to advanced technologies that is consistent with the existing approach for its current operating companies. Advanced technologies will be deployed in response to system needs where the advanced technology is a cost effective solution and the new technology is proven to improve the reliability or efficiency of transmission system operation.

B. Operational Excellence

Q22. HOW DOES ITC'S SINGULAR FOCUS ON TRANSMISSION TRANSLATE INTO OPERATIONAL EXCELLENCE?

A. ITC strives for excellence in all aspects of its operations and system performance. We see the results of this commitment in our system reliability performance metrics. Central to operational excellence is a culture of continuous improvement, whether it be in regard to control room operations, system outages, compliance with NERC Reliability Standards, proactive preventive maintenance on the system, safety, preparation for and execution of emergency response, or other functions ITC performs. Our singular focus on transmission allows us to make sure each and every task we perform is done in a manner that is best for the performance of a transmission system and the customers that it serves. We invest in projects for the betterment of the transmission system; we repair and replace equipment for the betterment of the transmission system; we interface with all

transmission customers for the betterment of the transmission system; and there is nothing we do that is not related to our main objective of being an outstanding transmission owner and operator. That is the benefit of having a singular focus on transmission. These are some of the dimensions of operational excellence that I will discuss in more depth, starting with our commitment to safety.

i. Commitment to Safety

Q23. DESCRIBE ITC'S SAFETY PROGRAM.

A. Operational excellence is the essential goal of a top performing transmission owner and operator. That goal is immaterial, though, if employees are not provided with every opportunity to work in a safe environment. Few industries pose greater inherent hazards than ours. At ITC, we take a proactive approach to safety. We are committed to providing a safe work-place for all of our employees and contractors. We will under no circumstances compromise the safety of our employees, contractors or the public in the course of providing the most reliable electric transmission service.

ITC requires, and will provide, all industry-related personal protective equipment and proper tools. ITC management is committed to making safety training an ongoing priority, and we maintain a zero tolerance drug and alcohol policy for employees. ITC management has also implemented unique safety incentive programs for employees and contractors.

Onsite safety inspections are conducted frequently by our Safety Department as well as by an independent third-party safety contractor. Meetings are held regularly with

ITC Field Supervisors, safety coordinators, and management personnel from the construction contract firms to discuss safety performance and areas in which improvement is necessary.

An ITC Safety Handbook is made available online to all ITC employees who will be working on or near energized equipment. The ITC Safety Handbook serves as a guide to ITC's safe work practices and policies, and explains ITC's policies regarding the wearing of personal protective equipment, use of safety rope barriers, and other such safety related topics. The posting of this handbook online is in addition to the specific training given to our field personnel about safe work practices for the equipment we operate.

In addition, our contractors are given a copy of our "Safety Handbook for Contractors," which serves as their guide to ITC's safe work practices and further explains our safety practices and procedures.

ITC requires that all accidents, injuries and near miss events be reported promptly to our Operations Control Room. Investigations are conducted to determine the factors causing and contributing to an accident or event. Results of investigations are communicated to appropriate groups in a timely manner, and corrective actions are implemented.

Customer and public safety is also important. Safety in this context is a consideration in the design, construction and overall operation and maintenance of the system, and includes being compliant with all applicable safety codes.

Maintaining and improving the safety program is important. A few examples of how ITC works to maintain and improve its safety program include: (1) ensuring that employees and contractors receive appropriate training for their jobs; (2) equipping employees and contractors with appropriate personal protective equipment and the proper tools for the job; (3) holding regular safety meetings with employees and contractors, including "safety summit" meetings on a routine basis; (4) requiring morning and afternoon job briefings to address potential safety hazards prior to beginning any maintenance or construction work; and (5) conducting regular safety audits of field work. Further, ITC management maintains an interest in understanding and reviewing safety-related performance of our employees and contractors. Not only does the management team receive regular reports at its meetings, but the ITC Board of Directors' Security, Safety, Environmental, Health, and Reliability Committee reviews safety performance as part of its charter.

Q24. WHAT IS ITC'S TRACK RECORD FOR SAFETY?

A. ITC's safety track record is excellent, and maintaining that excellent safety record is a top priority for ITC. ITC's safety performance regularly ranks near the top in the industry when reviewed with peers that participate in the EEI Safety Survey. The EEI Safety Survey is an annual assessment that provides the largest source of data on safety in the electric industry. The survey provides data on safety incident rates, including an analysis of data from transmission and distribution systems. The goal of the survey is to assist safety programs through cross-company comparison of safety data. In 2011, ITC

maintained a company-wide recordable incident rate of 0.5 incidents per 100 full-time employees (*"FTE"*). The threshold for the top ten percent of the survey was 0.62 incidents, while the EEI industry group posted an average recordable incident rate[6] of 1.94 incidents per 100 FTE.

In addition, ITC performed well with respect to its lost work day incident rate[7]. Here, too, ITC maintained a company-wide top ten percent performance of 0.1 incidents per 100 FTE. The EEI survey average was 0.5 incidents per 100 FTE. **Exhibit JEJ-4** depicts recordable incident rate and lost work day incident rate performance for ITC in comparison to the EEI industry group.

It is important to note that ITC includes the safety performance of its single-sourced field operations and maintenance contractor and its supply chain and warehousing contractor when reporting our safety data to EEI. ITC includes this data, in addition to that for its employees, to ensure a valid and relevant comparison with other participants in the survey who perform all of these functions in-house.

ITC will ensure that safety remains a top priority for ITC Arkansas and the other new ITC Midsouth Operating Companies through the implementation of a safety program that is consistent with ITC's safety objectives.

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6 The recordable incident rate is the number of work-related injuries per 100 employees that resulted in medical treatment beyond first aid.

7 The lost work day incident rate is the number of work-related injuries per 100 employees that resulted in an employee having to miss work.

ii. Maintenance Philosophy

Q25. WHAT ARE THE DRIVERS OF ITC'S MAINTENANCE PHILOSOPHY?

A. First, ITC has a fundamental responsibility to operate and maintain the system in accordance with good utility practice. This goes hand-in-hand with our second responsibility and requirement – to be compliant with all applicable NERC Reliability Standards and Requirements. Third, and perhaps most visible to our customers, is our goal of striving for top decile system performance.

Q26. WHAT IS NECESSARY TO ACHIEVE TOP DECILE SYSTEM PERFORMANCE?

A. To achieve excellent performance and transmission system availability, the system needs to be reliable. Reliability is dependent on four key factors: 1) the design of the system; 2) capital improvements to the system; 3) the operation of the system; and 4) the maintenance of the system. System design and capital improvements ensure the system is built to accommodate evolving system requirements such as increased use of the transmission system, integrating into energy markets, and facilitating public policy initiatives. The third factor, operations, deals with using existing assets in the most efficient and reliable manner possible. An example is the use of advanced protection schemes and systems to monitor the transmission grid and maintain reliability during outages. Advanced protection schemes have the ability to collect data, localize a fault, and help to determine the cause of a particular outage. The fourth factor of reliability, maintenance, ensures ITC's transmission facilities remain in proper condition to perform

their intended function, whether during routine operations, switching, or emergency conditions.

Q27. HOW HAS ITC DEVELOPED ITS MAINTENANCE PRACTICES TO COMPORT WITH THIS OVERALL VIEW OF THE SYSTEM?

A. ITC's maintenance practices are comprised of four building blocks. First, ITC believes that maintenance practices must be: (1) robust, so that any and all individual components receive the appropriate level of preventive maintenance, and (2) comprehensive, so that all equipment is included. The second building block of our maintenance practices is the required completion of 100% of the maintenance plan every year. If a component requires periodic maintenance, then it must receive the required maintenance within its scheduled interval. The third building block of ITC's maintenance practices is our "find-it, fix-it" approach, where corrective actions are taken for any equipment deemed to be unfit for service. The fourth building block is one of continuous improvement, through the use of outage cause analysis and feedback into both the maintenance and the capital improvement plans.

These maintenance practices, when taken together and applied to the various categories of maintenance we perform (preventative, reactive, facilities, vegetation, vehicular, etc.), form our comprehensive maintenance program.

Q28. DESCRIBE HOW YOUR COMPREHENSIVE MAINTENANCE PROGRAM TRANSLATES INTO A RELIABLE TRANSMISSION SYSTEM.

A. The comprehensive maintenance program described above has increased reliability by maximizing the availability of critical equipment during the times of greatest need. ITC is committed to completing all annual maintenance activities necessary to ensure NERC compliance in all areas (vegetation management, line, station equipment, etc.). This is the link between the first and second building blocks of ITC's maintenance practices. We have a set of robust practices for performing maintenance on the transmission system, and we perform 100 percent of the maintenance plan every year. ITCT, METC, and ITCMW budgeted approximately three quarters of their total operations and maintenance budget for preventive maintenance and operations/training in 2010 and 2011. Trend data has shown a reduction in reactive or unplanned maintenance due to our approach to proactive preventive maintenance. I am including an exhibit that depicts this trend.[8]

Q29. ARE YOUR MAINTENANCE PRACTICES THE SAME FOR ALL TYPES OF EQUIPMENT ON THE TRANSMISSION SYSTEM?

A. No. Our maintenance practices are tailored by specific equipment type, vintage, usage, and location. For example, ITC's circuit breaker preventive maintenance plan calls for a complete inspection, including linkages, interrupters, internal components and other

[8] *See* Exhibit JEJ-5.

components, every three to ten years depending on the breaker's specific characteristics and manufacturer's recommendations.

Q30. DESCRIBE ITC'S PREVENTIVE MAINTENANCE PRACTICES IN MORE DETAIL.

A. Preventive maintenance is at the core of ITC's commitment to operational excellence. ITC's "find-it-fix-it" maintenance approach ensures that equipment degradation issues found in the field are fixed properly the first time. Our preventive maintenance plan reduces the need for reactive maintenance repairs, thereby improving system reliability and providing a cost benefit to customers that would have otherwise been impacted by momentary and sustained outages. At ITC, if a condition is found that is detrimental to a component's ability to continue to perform its function, ITC takes necessary corrective actions to provide a remedy. This eliminates more costly unplanned reactive maintenance repairs in the future, when the catastrophic failure of the component causes damage to adjacent components, or shuts down portions of the transmission network itself. This proactive approach also improves the morale of our field force because they know that if they identify a problem on the transmission system, a resolution will be pursued and the problem solved. Our field force has a natural incentive to have a direct and meaningful impact on the reliability of the transmission system.

Q31. WHAT OTHER ELEMENTS COMPRISE YOUR PREVENTIVE MAINTENANCE PRACTICES?

A. Our preventive maintenance program is composed of inspections and scheduled maintenance to detect problems before system performance is affected. Substation, line, and infrared inspections are the first line of defense in maintaining a reliable system. Substation inspection frequencies vary depending on the type of substation: larger 345 kV substations are inspected more frequently than smaller 69 kV substations. This is due in large part to the criticality the larger 345 kV substations play in the overall reliability of the transmission system. All 115 kV and above lines are aerially inspected twice per year with field supervisors and vegetation management personnel to detect any imminent threats. Infrared inspections are performed annually for all substations and include an infrared scan of all ITC equipment. Specific maintenance plans have also been developed for each type of asset, including circuit breakers, circuit switchers, transformers, buses, disconnect switches, protective relaying, capacitor banks, battery systems, overhead circuits, and underground circuits.

Q32. DESCRIBE HOW ITC'S VEGETATION MANAGEMENT PROGRAM CONTRIBUTES TO OVERALL SYSTEM RELIABILITY.

A. ITC has established an integrated Vegetation Management Program in which the corridor vegetation is inspected and various control options are considered and implemented to develop and maintain vegetation that is compatible with a safe and reliable transmission system. In conducting this program, ITC cooperates with property owners to meet

secondary considerations of improved aesthetics, and management of wildlife and ecosystems. The preferred strategy is to remove tall growing, incompatible tree species and retain low growing, compatible plant species.

The main objective of ITC's Transmission Vegetation Management Program is to avoid vegetation-caused outages to the transmission system by maintaining the rights-of-way so as to achieve at all times and under all expected conditions an acceptable clearance between the conductors and the vegetation on or off the right-of-way. In addition, effective right-of-way management includes inspection for and mitigation of other right-of-way-based causes of outages such as encroachment, vandalism, and incompatible use.

ITC utilizes a Vegetation Management contractor working under the direction of ITC's Vegetation Manager to implement a best in class Vegetation Management Program to ensure the integrity of ITC's transmission facilities and compliance with all regulatory requirements. Successful implementation will be measured by a goal of zero outages on the 345 kV and 230 kV bulk system from trees on the right-of-way and by a continued long-term reduction in outages from trees growing into 34.5 -161 kV lines, or by trees falling onto all electric transmission lines from outside the right-or-way.

Q33. DOES ITC HAVE A SPECIFIC PHILOSOPHY PERTAINING TO REPLACEMENT OF AGING EQUIPMENT?

A. ITC's philosophy for asset replacements is generally performance based. As equipment ages, it tends to begin to fail more regularly. Availability of spare parts for older

components can also drive decisions to replace equipment on a proactive basis. Some equipment, like relays, is often replaced after a specific time in use. This is because it is more difficult to perform preventive maintenance on the electronics and solid state relay equipment than it is to perform routine preventive maintenance on mechanical components like breakers and switches. Even in the case of relay replacements, though, component performance is a driver of replacement time.

Equipment replacement preventive maintenance programs lead to detection and replacement of defective equipment before it fails. Therefore, proactively replacing components near their end of life can save significant money down the road by avoiding costly system repairs, customer interruptions and transmission system unavailability.

Q34. WHAT TYPES OF CAPITAL MAINTENANCE PROJECTS HAS ITC INITIATED THAT REFLECT ITC'S PHILOSOPHY?

A. ITC pursues a number of capital maintenance initiatives with regard to replacing aging equipment. I would like to highlight three of them: 1.) our Breaker Replacement Program; 2.) a Gas Insulated Switchgear ("***GIS***") Replacement Project; and 3.) our Relay Betterment Program. These infrastructure improvements are in addition to system capacity projects which improve load serving capability, customer interconnections and generation interconnections, and general plant additions.

Q35. PLEASE DESCRIBE YOUR BREAKER REPLACEMENT PROGRAM.

A. This is a yearly program to replace infrastructure due to age, past performance, and availability of spare parts. Some breakers need to be replaced due to projected increases in needed interrupting capability, so portions of the program are reliability-driven because replacing the equipment improves the operating capabilities of the system. Aging breakers can have negative environmental and system reliability impacts. From 2003 to 2011, ITC replaced 354, or roughly 17.5%, of the 2,025 breakers acquired through the previous ITC transactions. This does not account for breaker additions that we have made to the system beyond the number of breakers that originally came with the transmission system. For 2013, the ITC operating companies have budgeted in excess of $18 million to replace breakers at various substations across the ITC footprint.

Q36. PLEASE DESCRIBE YOUR GIS REPLACEMENT PROJECT.

A. ITCT is undergoing a project to replace a 38-year old GIS installation in a customer-owned substation where ITC owns the transmission equipment. This is the fourth and final GIS replacement project ITCT has undertaken in recent years. This particular device has known Sulfur Hexafluoride ("*SF6*") gas leaks. ITC field contractors have recently needed to add SF6 gas three times per month because the seals in the breaker have reached the end of their useful life. The leaks cause the gas inside of the GIS to accumulate moisture, which must be periodically dried, requiring numerous consecutive outages. The leaks cannot be repaired permanently, and the frequent ongoing maintenance is impractical due to the difficulty of scheduling a planned outage every

time the breaker needs to be dried, so a replacement is prudent and necessary. In order to reduce ongoing maintenance costs and prevent catastrophic failure, ITCT will replace the breaker through its capital maintenance program.

Q37. PLEASE DESCRIBE YOUR RELAY BETTERMENT PROGRAM.

A. For background, protective relays are devices that measure current and/or voltage on the transmission system and compare those quantities to an internal setting designed to prevent any harm to transmission system equipment. The relay will trip a transmission system line or other component if the set point(s) is exceeded. For example, if something were to contact a transmission line, it would create an immediate surge in current on the transmission line as the power flowed to the ground. The relay would sense the overcurrent, and would "trip" or disconnect the line from the system. These relays protect transmission equipment from being overloaded, and also protect the transmission system by isolating the problem to a smaller defined set of components and not compromising the integrity of the transmission system network.

Protective relays have evolved in technology over the past several decades. Our Relay Betterment Program is designed to update many of our transmission protection system relays to more current microprocessor based devices. Previous generations of relays have employed different types of electromechanical or transistor-based components to perform their function. The newest relay designs are digital computer-based systems that sense current and voltage through analog means, but use software to perform the logic and settings comparisons in order to decide what action to take.

Each type of relay has a specific recommended useful life. Electromechanical relays are typically replaced after 40 years; solid state relays are replaced after 25 years. Both are typically replaced when their inner components can start to break down. Digital relays are newer, but we estimate they, too, have a useful life of around 25 years. Over time, as ITC's relays approach the end of their useful lives, they must be replaced.

Relay schemes nearing their end of life are prone to misoperation. A misoperation occurs when a breaker fails to operate when it is supposed to as instructed by the relay, or when a breaker operates when it is not supposed to. Misoperations can lead to cascading outages – multiple, sequential outages of transmission lines from a single event – or can cause equipment damage. Relay schemes nearing end of life also become costly to maintain, as parts may no longer be available to repair them. Moving from older technologies to newer digital relays provides the opportunity to collect data about the system for system condition monitoring and root cause analyses. Digital relays can also speed outage recovery times by being able to pinpoint fault locations, telling operators where to dispatch crews to correct the problem.

This particular capital maintenance program is an example where equipment replacement not only improves system reliability by avoiding component failures, but also improves system reliability by improving access to data for our operations department, and reduces overall maintenance costs of the aged equipment.

Q38. HOW DO ITC'S O&M COSTS FOR PREVENTIVE MAINTENANCE COMPARE TO ITS PEERS?

A. We are able to maintain O&M cost per line mile across our operating companies in line with our peers while achieving exceptional operational performance.

Later in my testimony, I will describe performance metrics as they relate to a specific peer group in an industry benchmarking study.[9] Within that peer group, there are two transmission-only companies who report O&M data to the FERC on an annual basis: 1.) American Transmission Company, LLC ("ATC"), and 2.) American Transmission Systems, Inc. ("ATSI"), the transmission-only subsidiary of FirstEnergy Corp. Table 2 depicts a comparison of O&M spending per line mile of transmission between ITC's operating companies (in aggregate) and these two transmission-only utilities. The data is extracted from FERC Form 1 reports for the years listed.

Table 2. Transmission O&M Spending per Line Mile for Transmission-Only Peers

	2008	2009	2010	2011
ITC Holdings Corp.	7.766	6.825	8.805	9.135
American Transmission Company, LLC	7.662	8.342	8.868	10.091
American Transmission Systems, Incorporated	8.000	6.899	6.908	6.823

Dollars, in Thousands, per Transmission Line Mile

When compared against the larger peer group of the industry benchmarking study, ITC and each of its operating companies report O&M spending below the peer group average. Table 3 depicts a comparison of O&M spending per line mile of transmission between ITC (and its individual operating companies) and the companies listed as our

[9] For the purposes of the industry benchmarking study, ITC's peer group includes American Transmission Company, LLC; Duke Energy-Indiana; Duke-Energy-Ohio/Kentucky; Exelon Corp.; FirstEnergy; Hydro One Networks; and Xcel-Northern States Power.

peer group in the industry benchmarking study. For this analysis, the eastern subsidiaries of Exelon (PECO) and FirstEnergy (Jersey Central, Metropolitan Edison, and Pennsylvania Electric Power Company) have been excluded, to focus on the subsidiaries in the north central region of the US.

The data is extracted from FERC Form 1 reports for the years listed. Hydro One Networks is also not included in the data, since they do not report their data to the FERC.

Table 3. Transmission O&M Spending per Line Mile for Industry Peer Group

	2008	2009	2010	2011
ITC Holdings Corp.	7.766	6.825	8.805	9.135
International Transmission Company	12.966	10.828	13.553	13.453
Michigan Electric Transmission Company, LLC	9.811	8.223	10.322	10.620
ITC Midwest LLC	3.915	3.985	5.545	6.098
Average of peers (Excluding ITC Companies)	27.273	25.590	25.041	27.886
ITC Peers:				
American Transmission Company, LLC	7.662	8.342	8.868	10.091
Duke Energy - IN	6.705	5.356	7.651	6.672
Duke Energy - OH/KY	14.849	19.336	16.854	31.048
Exelon West (ComEd)	70.144	79.134	79.619	69.802
FirstEnergy West (Legacy FE Companies)	44.537	14.761	5.726	16.023
Northern States Power Company - MN	30.931	34.091	36.407	40.431
Northern States Power Company - WI	16.086	18.113	20.159	21.132

Dollars, in Thousands, per Transmission Line Mile

Q39. DOES ITC PLAN TO ADOPT ENTERGY'S MAINTENANCE PLANS?

A. Upon closing, the ITC Midsouth Operating Companies will initially adopt Entergy's maintenance plan. However, after we have fully assessed the condition of the system from our independent perspective, ITC will over time modify the plan by imparting its own maintenance approach as I have described above. I will discuss more about ITC's corporate culture and business practices that will be deployed to the Entergy transmission system later in my testimony.

Q40. PLEASE DESCRIBE HOW ITC'S MAINTENANCE PRACTICES HAVE LED TO THE IMPROVED PERFORMANCE OF THE SYSTEMS IT HAS ACQUIRED.

A. In the past, upon assuming ownership of a transmission system, ITC conducted an evaluation of the system by studying historical records, performing planning assessments, conducting equipment inspections, and talking to knowledgeable individuals about the systems. The outcome of the evaluation included the identification of capital projects that could improve system reliability and economics, development of annual maintenance plans, and application of ITC's operational excellence philosophy.

My affidavit submitted in FERC Docket No. RM06-4 documented the state of the transmission facilities that ITCT acquired from Detroit Edison. ITCT acquired a transmission system with a maintenance backlog that risked system integrity and reliability.

Because of our sole focus on transmission, ITCT could immediately address the backlog of projects needed to bring its transmission system up to the standard of good utility practice. Since 2003, ITCT has replaced or newly installed nearly 50 percent of the breakers in its transmission system and has eliminated the lengthy maintenance backlog that ITC inherited when it acquired these transmission assets from Detroit Edison. This major effort has increased reliability and reduced constraints by maximizing the availability of critical equipment during the times of greatest need. These results will be described later in my testimony.

Similarly, ITCMW acquired an aged transmission system from Interstate Power and Light Company in 2007 that faced backlogs in corrective maintenance and in implementing an appropriate vegetation management plan. The maintenance backlogs were documented in an assessment plan – the State of the System Report – developed at the request of the Minnesota Public Utilities Commission in December 2008, and discussed in the testimony of ITC witness Mr. Douglas Collins. ITC has applied its maintenance philosophy to these assets, developed and implemented a robust and proactive O&M program, and improved the performance of these systems. These results are also described later in my testimony.

iii. Performance Metrics from Industry Benchmarking

Q41. WHAT IS THE SGS TRANSMISSION RELIABILITY BENCHMARKING STUDY?

A. The SGS Statistical Services' Transmission Reliability Benchmarking Study ("***SGS Study***"), in existence since 1995, is the largest independent benchmarking forum for electric transmission reliability, and provides a comprehensive reliability assessment at an operating company level. The ITC operating companies participate in the SGS Study.[10]

[10] *See* Exhibit JEJ-6HC.

Q42. WHAT ARE THE PARAMETERS AND SCOPE OF THE SGS STUDY?

A. 2012 was the eighteenth year for the SGS Study. A total of 24 systems participated, which comprised, by mileage, 47.8% of the US grid, 44.4% of the US/Canada grid and 51.1% of all US/Canada circuits. The combined peak system load for the US systems in the SGS Study was 462,368 MW or 58.6% of highest annual non-coincident total US peak load. The ITC systems made up approximately 5% of the total circuit miles in the SGS Study and approximately 5.3% of the SGS Study peak load.

The SGS Study utilizes five plus years of raw transmission circuit outage data, which includes both sustained and momentary outages. The SGS Study applies common rules to all systems to ensure the highest integrity of analysis and comparisons. Further, the SGS Study generates commonly used IEEE performance measures related to outage frequency, outage duration, outage rate, and transmission system availability.

Q43. PLEASE EXPLAIN THE RESULTS OF THE 2012 SGS STUDY RELATED TO ITC'S OPERATIONS.

A. Companies are analyzed in comparison to other participants in the SGS Study, including comparison based on their region[11] and their peer group.[12] Overall, the ITCT and METC transmission systems are among the best-performing systems of those detailed in the SGS

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11 Regions for purposes of the SGS Study are North Central, Northeast, Southeast, and West. ITC's systems are within the North Central region.

12 Peers are defined as a group of three or more transmission systems selected by ITC. ITC's peer group includes American Transmission Company, LLC; Duke Energy-Indiana; Duke-Energy-Ohio/Kentucky; Exelon Corp.; FirstEnergy; Hydro One Networks; and Xcel-Northern States Power.

Study. For example, in the "All Voltages" category, the report indicates that ITCT and METC are within the top ten percent of best rated companies for sustained outages performance per circuit (Number of Sustained Outages per Circuit) as well as for the average duration of circuit outages (in minutes). ITCT and METC outperform both their region and their peer group in both categories. **Exhibit JEJ-7** depicts these two metrics for the ITC operating companies' performance in 2011, and juxtaposes ITC's performance against that of the region and ITC's peer group.

ITCT and METC are the two systems that ITC has owned and operated the longest. ITCT has been an ITC company since 2003; ITC acquired METC in 2006. ITC has had more time to implement its corporate philosophies for these two systems, and this has resulted in these two companies being among the best-performing systems of those detailed in the SGS Study.

ITC acquired ITCMW in December 2007 and began operating and maintaining the system in 2009. Since this acquisition is quite recent, the benefits of ITC's operations and maintenance practices have not fully been realized in the ITCMW system, and the system does not yet perform as well as our longer-held Michigan companies. Nevertheless, ITCMW performance has shown significant improvement, and continues to trend in a positive direction. Overall, ITCMW is in the third quartile for sustained outage performance and in the second quartile for average duration of circuit outages. In contrast, ITCMW's performance in 2010 was in the fourth quartile for sustained outages and the third quartile for outage duration. ITCMW's performance in the SGS Study also is discussed in the testimony of ITC witness Mr. Douglas Collins.

Q44. PLEASE EXPLAIN WHY THE BENEFITS OF ITC'S OPERATIONS AND MAINTENANCE PRACTICES HAVE NOT FULLY BEEN REALIZED IN ITCMW SYSTEM PERFORMANCE.

A. ITCMW is a different system than our other operating companies, with nearly all lines operating below 230 kV, and a significant portion below 100 kV. Many utilities that participate in the SGS Study own little or no 34.5 kV or 69 kV facilities. When comparing individual voltage levels, the ITCMW 100 kV+ system ranks among the top quartile for overall outages and outage duration. The previous owner's use of lower construction standards, different maintenance standards, and a lack of capital replacement actions all contribute to the lower performance. Lower voltage systems are inherently less robust than higher voltage systems because the higher voltage systems require higher construction standards, stronger structures (often steel) and larger and heavier wire sizes. ITC is improving performance of the lower voltage system through our preventive maintenance and infrastructure improvements.

Q45. HAS THE PERFORMANCE OF ITC'S OPERATING COMPANIES IMPROVED OVER TIME?

A. Yes. ITCT has achieved a 55% improvement between 2005 and 2011 in sustained outages caused by transmission system equipment. ITC's more recently-acquired MISO operating companies, METC and ITCMW, have achieved sustained outage improvements

of 13% and 58%, respectively, between 2008 and 2011. This is a meaningful advance in service availability.

Q46. HOW DOES ITC DRIVE TOWARD CONTINUOUS IMPROVEMENT IN EACH OF ITS OPERATING COMPANIES?

A. Continuous improvement is a process of continuous learning. We continuously think about more efficient and creative ways of executing transmission projects, operating the transmission system, and recovering from system disturbances and outages that impact reliability of the grid. In order to provide the organization with the information necessary to prevent recurrence of system outages, ITC performs an outage cause analysis of all sustained outages on its systems. The outage cause analysis is typically performed by an ITC engineer, and all outages are reviewed monthly by an internal cross-functional group at ITC comprised of representatives from operational and technical areas of the company. The goal of this team is to analyze all system events and minimize their recurrence, through means ranging from simple actions like a change in maintenance schedule to more complex actions like the development of an infrastructure improvement project.

Q47. PLEASE PROVIDE AN EXAMPLE OF AN OUTAGE CAUSE ANALYSIS THAT ITC PERFORMED, AND THE RESULTING ACTIONS.

A. The ITCT Hunters Creek-Robin-Wabash 120 kV line was experiencing lightning-induced outages at an abnormally high rate. Over the five year period from 2004-2009, the line opened seven times due to confirmed lighting events, with three of the lightning events occurring in 2008 alone. An inspection and engineering review of the line was initiated.

Through the outage cause analysis process, it was determined that the shielding angle on this line was 41°. The shielding angle is defined as the angular difference between a vertical line and the line created by the position of the shield wire and the conductor. By reducing this angle, the lightning protection on the line is increased. A project was initiated and approved in 2009 to improve the lightning protection on the line. With the addition of a second shield wire, along with double ground wire peaks, the shielding angle was reduced down to 7.85°. Since the completion of the shield wire project in December 2010, the line has not experienced a confirmed lightning-induced outage. A copy of the outage cause report is attached to my testimony as **Exhibit JEJ-8**.

Q48. CAN YOU DETERMINE A VALUE FOR THE IMPROVED RELIABILITY ITC BRINGS TO THE TRANSMISSION SYSTEM?

A. There are many ways to define the reliability of a transmission system. One very visible measure of electric system reliability is quite simply whether the system is available. A system that experiences routine or frequent outages, whether momentary or sustained, is not a reliable system. When service is not available, *i.e.*, the lights are out, end users experience both inconvenience and loss. The discomfort and disruption of day-to-day activities when heating or cooling is not available cannot be underestimated, although it may be difficult to quantify the disruption in monetary terms. Residential and commercial users are also both subject to losses for items and processes that rely on continuous electric service. For residential users, it is often food spoilage from lack of refrigeration; for commercial and industrial users, it can be loss of product and

opportunity for sales. Improved reliability means less time during the year when service is interrupted. Placing a value on the losses associated with the loss of electrical service is one way to value the better reliability that ITC delivers. Some costs of service interruptions, such as the hazard and delay caused by non-functional traffic lights, can be significant but difficult to quantify. Interruption of life support systems or other critical medical systems that lack back-up power can also be a significant factor.

The DOE's Office of Electricity Delivery and Energy Reliability developed a tool to estimate interruption costs and the benefits associated with reliability improvements, located at http://icecalculator.com/. This tool takes into account the type of customer, region of the country and the estimated mix of customer types to place a value on the reduction in such load loss events. The tool uses industry standard reliability metrics in the calculations of the value of improved reliability.

Using data from our SGS Study benchmarking, we can determine that ITC's Michigan companies have a lower transmission System Average Interruption Duration Index ("***SAIDI***") than our peers or the average. This difference is about a 20 minute improvement from the median, or second quartile transmission SAIDI performance. Using the DOE Interruption Cost Estimator, a one minute improvement in SAIDI for ITCT and METC results in one year savings of $7.7M. For the difference in performance with the median utility in the SGS Study, this amounts to a value of about $153 million per year. **Exhibit JEJ-9** shows this calculation in more detail.

The calculation is based on data for the two largest load serving entities in Michigan from 2010 and 2011, with major storms excluded. The ITCT and METC data

reflect a three year average SAIDI from the SGS Study, given that performance changes year over year. The calculation was made with ITC's Michigan companies in order to allow for a meaningful comparison in this proceeding.

iv. Compliance with NERC Reliability Standards

Q49. PLEASE DESCRIBE ITC'S PHILOSOPHY WITH RESPECT TO COMPLIANCE WITH RELIABILITY STANDARDS.

A. ITC's goal with regard to NERC Reliability Standards is "100% compliant - 100% of the time."

ITC believes that the best way to achieve this goal is to create and maintain a culture of compliance. This culture of compliance embraces a top to bottom organizational focus. To this end, ITC has established a Reliability Compliance Steering Committee (*"RCSC"*). The RCSC includes executive representation from all Departments that have responsibility for complying with the Reliability Standards. The executives on this committee are accountable for ensuring the compliance of the Departments under their direction and providing the necessary support and resources to ensure compliance. Executives are also responsible for ensuring that their groups work cooperatively with the Compliance Director and Manager in implementing the overall compliance program. The RCSC is chaired by the appointed Reliability Standards Compliance Officer.

To support the direction established by the Steering Committee, a compliance structure is in place which is comprised of a matrix organization led by the Reliability

Compliance Director. All of the applicable Standards have been assigned to members of ITC's staff based on each staff member's expertise and role within the organization. If incidents of non-compliance are discovered, it is ITC's policy that they will be reported promptly to the NERC Regional Entities and that ITC will work cooperatively with these NERC Regional Entities to implement mitigation plans that contain corrective actions that both eliminate the cause of the violation and prevent future occurrences in the subject area.

The compliance program is an active program that continues to evolve in response to new requirements in an ever changing industry.

Q50. HOW IS THE RELIABILITY STANDARDS PROGRAM STRUCTURED?

A. The core attributes of ITC's Reliability Standard compliance program are as follows:

- Auditability: This program allows demonstration to management, auditors (internal & external), and regulators that ITC is in compliance with applicable Reliability Standards.
- Accountability: Any person determined to have engaged in conduct that violates FERC or NERC rules, regulations, standards or ITC written policy and procedure, will be required to undergo additional training, and may also be subject to disciplinary action and, where applicable, legal action.
- Manageability: The program is appropriate to the size and complexity of ITC. This encourages employees to follow the compliance program process and

procedures (ensuring compliance) and to maintain records required for audits without being unnecessarily burdensome.

- Sustainability: The program is designed to be reviewed at least once each calendar year and modified if necessary.
- Traceability: The program includes record requirements so that program and Compliance Records are traceable; and time based records are linked to the applicable Reliability Standard in effect at that point in time.

ITC has established a program to ensure compliance with the Reliability Standards that includes:

- analyzing and defining impacts of newly announced Reliability Standards, in order to prepare for future implementation if that becomes necessary;
- developing Reliability Standards implementation and compliance procedures, resource requirements, and sustaining programs and methodologies;
- working with responsible Departments to adopt and maintain reliability program work processes and administrative reporting responsibilities;
- gathering required information in its most current form and storing for easy retrieval;
- making the information available for use, including for an on-site audit by the Regional Entity;
- communicating Reliability Standards information to management, staff, and contracted vendors; and

- maintaining and managing departmental stakeholder responsibilities to ensure sustainable adherence to compliance requirements.

Q51. WHAT ARE THE RESULTS OF YOUR MOST RECENT AUDITS PERTAINING TO NERC RELIABILITY STANDARDS?

A. ITC has been very successful in complying with what are called the "Order 693 Reliability Standards." In short, the Order 693 Standards encompass operations, planning, and maintenance - everything except the Critical Infrastructure Protection ("***CIP***") Standards. During our full on-site NERC 693 audit from August 15, 2011 through August 31, 2011, ITCT and ITCMW were both found fully compliant with each of the 28 standards and 80 requirements for transmission owners and operators that were included in the audit. Among those same standards and requirements, one minor violation was identified for METC, which involved an incorrect equipment rating that was in place for approximately two months in 2010. The violation was self-identified by METC and corrected. ITCGP was audited in June 2012 and found fully compliant with each of the 11 standards and 18 requirements that were included in the audit.

CIP standards were also audited during the same period. At the conclusion of the audit, the audit team identified 15 potential violations of the CIP requirements among the ITC registered entities in the Reliability*First* and MRO Regional Entities. The registered entities are ITC, METC, ITCMW, and the Michigan Electric Coordinated System

("***MECS***").[13] This formally resulted in a notice of violation of nine NERC Reliability Standards requirements.

The major theme that came through in the exit presentation of the CIP Compliance audit was a need to revise our documentation and devote more time to educating our Subject Matter Experts ("***SME***") on compliance documentation requirements. In particular, the documentation needs to be more detailed, specific and comprehensive; it needs to be more simple and self-explanatory; and the documentation needs to more clearly tie back to the requirements in order to establish satisfactory compliance with the reliability standard. Auditors also suggested that more resources are required to reliably maintain compliance for the CIP standards.

In keeping with our views on full compliance with applicable NERC Reliability Standards, we developed and implemented a number of targeted corrective actions. Lessons-learned meetings were held with all participants immediately following the audits. We also elected to bring in outside CIP expertise to work with our SMEs to rework all of our documentation so that we can effectively ensure and demonstrate compliance. An important part of this effort will be to identify any resource gaps and define the work that needs to be done so that we can add the right type and number of resources.

Non-compliance is not tolerable in our organization, and we address each and every instance that occurs. We learn from our failures, and we strive to achieve full

[13] MECS performs certain local balancing functions for ITC's Michigan entities.

compliance through proper corrective actions. This does not diminish our commitment to compliance with reliability standards; it ensures that we are not complacent with the status quo.

v. Storm Restoration

Q52. DOES ITC'S OPERATIONAL EXCELLENCE EXTEND TO RESTORATION OF TRANSMISSION FACILITIES AFTER TORNADOES, FLOODS, ICE STORMS, OR OTHER NATURAL DISASTERS?

A. Yes. Restoring power quickly is a core competency and area of focus for ITC. ITC maintains a Disaster Recovery Plan[14], which provides the framework for responding to and recovering from transmission system and facility emergencies, and for ensuring business continuity before, during, and after the crisis. ITC is working with EAI and the other Entergy Operating Companies to formulate a new ITC emergency operations plan which will complement the Entergy Emergency Operations Plan and will take into account the interactions necessary between ITC and our new customers and interconnections in the South. ITC follows a straightforward approach, similar to most utilities, in organizing emergency response activities. The approach includes the following features:

- establishment of an Emergency Operations Center with leads from key functional areas;

[14] *See* Exhibit JEJ-10.

- Vice President of Operations or COO serves as the Emergency Response Coordinator. This responsibility often is delegated to a Regional Field Director for smaller incidents;
- appointment of leaders for specific areas such as damage assessment, restoration, operations, communications, and logistics. Personnel are assigned dependent upon the type of incident and operating company/region(s) involved;
- emergency response coordinator schedules and conducts periodic conference calls to obtain updates and facilitate information sharing between all functional areas; and
- depending upon the size of the area impacted and what distribution entities are affected (municipal utility, electric cooperative or IOU), a liaison from ITC will be assigned to work at the local distribution company operations center. The liaison's primary purpose is to ensure information flow necessary to prioritize restoration efforts of areas affected.

In terms of resources for storm restoration, all ITC operating companies use dedicated field O&M contractor resources that are under contract to only do work for ITC. ITC supplements its dedicated O&M contractor crews with capital construction crews. Both our dedicated field O&M contractor and project specific construction crews are large, national companies that ITC can call on for resources and logistics above and beyond what is required by our existing Michigan and Midwest operating areas. ITC will have the ability to leverage these existing national contractors to deploy crews to the ITC Midsouth region in support of both storm restoration efforts and post-storm work.

As necessary, ITC also relies on other utilities' mutual assistance. We are members of, and participate in, the Midwest Mutual Assistance Group and the Great Lakes Mutual Assistance Group. We anticipate joining mutual assistance groups in the ITC Midsouth region.

One of ITC's strengths is our ability to mobilize quickly and effectively. The types of weather events that impact our systems often strike with little or no warning, necessitating the ability to respond at any moment. ITC employees and contractors excel at prioritizing and focusing organized efforts on safely and quickly restoring the transmission system to ensure grid reliability and prompt restoration of service to customers.

Q53. PLEASE GIVE A SPECIFIC EXAMPLE OF A RECENT SUCCESSFUL STORM RESTORATION BY AN ITC OPERATING COMPANY.

A. Central Iowa was hit by a storm in the early morning hours of July 11, 2011. The storm carried winds of more than 100 miles per hour. At its peak, Interstate Power and Light, the electric utility providing service to retail customers in this central part of Iowa, estimated that more than 45,000 of its retail customers lost power across a four-county area in east central Iowa. Thousands more customers served by electric cooperatives and municipal utilities were also impacted. The storm knocked out nine 161 kV lines, two 69 kV lines, and twenty 34.5 kV lines across the ITCMW system, and affected approximately 60 substations. More than 300 poles needed to be replaced. The National

Oceanic and Atmospheric Administration said the storm was the most widespread and damaging wind event to affect central and east central Iowa since 1998.

Within 72 hours, ITCMW restored transmission service to all customers and customer substations that could take service, pending the repairs of their distribution systems. Once all customer connections were re-established, crews began working to provide back-up feeds to those substations. The secondary feeds were critical to serve the returning load as distribution customers were returned to service.

Q54. HOW WILL ITC UTILIZE ENTERGY'S EXPERTISE AND EXPERIENCE IN RESPONDING TO NATURAL DISASTERS?

A. The new ITC Midsouth Operating Companies will leverage EAI's and the other Entergy Operating Companies' expertise in storm restoration, including, in particular, ice storms and tornado restoration efforts.

ITC has experience with many of the concepts that make Entergy successful at storm restoration: incident command, emergency operations center, triage and prioritization. Accordingly, ITC has the knowledge and capability to integrate the Entergy storm restoration procedures into ITC procedures, and to execute the transmission system storm restoration procedures with the transmission personnel we will gain through the Transaction. Detailed, integrated storm restoration plans will be completed prior to the closing of the Transaction and will address interactions between

ITC and other utilities in the Entergy Region.[15] Key areas of the new ITC Incident Command System ("***ICS***") structure will be integrated with the Entergy ICS structure to ensure continued excellence in storm restoration. This integration of restoration plans will ensure there is an Incident Command Structure in place for storm response upon close. When a storm occurs, ITC and EAI employees, both management and non-management, will collectively assess the storm's effect on their respective systems and develop a plan to return the transmission system and the customers connected to it to service. ITC will rely on the experience it has gained through its existing operating companies in working with local distribution companies in storm restoration efforts. We understand how to staff an emergency operation, and we will be able to work with EAI distribution personnel, adjacent transmission control centers, electric cooperatives and municipal utilities, and independent generators to restore the system as quickly, safely, and reliably as all stakeholders and regulators have become accustomed to.

Most importantly, the Entergy transmission business's expertise and experience in responding to natural disasters will be maintained. A number of the Entergy transmission business's experienced transmission storm response employees will move to ITC with the Transaction, utilizing substantially the same processes for dealing with catastrophic events. This best practice will be a great asset, allowing the world-class storm restoration efforts to continue after the Transaction is closed.

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[15] The Entergy Region generally covers the footprint of the Entergy Operating Companies, which ranges from the Gulf of Mexico to the Missouri-Arkansas border, and from the western half of Mississippi to southeastern Texas. The Entergy Region includes not only the Operating Companies, but also a number of rural electric cooperatives, municipal power agencies, independent power producers, and other market participants.

Q55. AFTER THE TRANSACTION CLOSES, HOW WILL ITC AND ENTERGY COORDINATE RESPONSE TO A MAJOR STORM THAT AFFECTS THE EAI REGION?

A. ITC and EAI will interact before, during, and after a major storm. Notably, during such a storm, ITC and EAI each will have a Liaison Coordinator at the other organization's command center, which facilities will be located physically next to each other in Jackson, Mississippi. Each Liaison Coordinator will be assigned to work in conjunction with the other organization to relay information, and to serve as a central point of coordination between the respective command centers.

Part of each Liaison Coordinator's responsibilities will be to ensure that ITC and the Entergy Operating Companies are aligned with respect to coordination of the restoration priority of transmission lines and both transmission and distribution substations.

Q56. HOW WILL TRANSMISSION RESTORATION PRIORITIES BE DETERMINED AFTER A MAJOR STORM?

A. After major events, ITC's priority has been to restore the transmission system to service as quickly and safely as possible, including restoring transmission lines that serve critical facilities. ITC will continue this practice and will seek input from EAI and other distribution and wholesale entities served by ITC's transmission system, the MISO Reliability Coordinator, and government and/or regulatory bodies as needed. .

Q57. PLEASE EXPLAIN HOW ITC WILL COORDINATE RESTORATION OF DAMAGE TO TRANSMISSION FACILITIES.

A. The ITC Midsouth Incident Commander will have primary decision-making responsibility for restoration of damaged transmission facilities, with input from ITC's Planning Section. As part of the restoration process, ITC also will seek information and input from Entergy and other entities including embedded electric cooperatives, municipal utilities, and adjacent utilities. Coordination of this type is key to restoring damaged facilities safely and efficiently, particularly since ITC will follow the same process of adding load back to the system that Entergy currently follows.

vi. Procurement

Q58. PLEASE PROVIDE AN OVERVIEW OF THE ITC SUPPLY CHAIN AND PROCUREMENT MANAGEMENT PHILOSOPHY.

A. ITC's supply chain organization's primary objectives are improving safety, reliability and transmission system accessibility, and achieving the lowest total cost of transmission. ITC then identifies those practices that help achieve these objectives more effectively and efficiently than any other methodology. To that end, ITC has been able to leverage numerous supply chain relationships and develop strategic alliances with vendors to obtain competitively priced goods and services in a timely manner.

ITC is interested in total life cycle costs. This is evident in our maintenance practices I previously discussed, and it is evident in our supply chain strategy, as well.

ITC uses a competitive bid process in which total life cycle costs are compared when establishing its alliances. ITC considers strategic manufacturing capability, proximity to delivery area, ability to meet schedule requirements, best overall cost structure, and supplier reliability/quality in awarding alliances. ITC's alliance pricing typically takes the form of firm unit prices with an index-based escalation clause. But ITC also may employ firm estimated prices that are trued up after the work is completed and "open book," cost-plus pricing based on actual direct costs of materials and labor with fixed overhead and profit.

Alliances generally have a three to five year term. During this time, ITC Supply Chain and technical experts monitor the supplier or contractor's performance and meet approximately once per quarter to work on common goals, solve any quality or service problems, and forecast needs. ITC also audits its alliances periodically. Audit results are addressed with the supplier or contractor to improve contract compliance and supplier management.

Q59. PLEASE DESCRIBE ITC'S SUPPLY CHAIN AND PROCUREMENT STRATEGY IN MORE DETAIL.

A. ITC's supply chain strategy for major equipment and services relies on a tactical procurement approach for various types of products and services. This is shown in **Exhibit JEJ-11** which categorizes the "value" of the product or service to ITC and also the "market complexity" in obtaining the product or service. The "value" axis is reflective of the product's importance to ITC's business and to system reliability. The

"market complexity" axis is reflective of the number of suppliers that provide the product or service, and the relative difficulty in obtaining it. Low "market complexity" is reflective of lower risk, and means there are many suppliers, few barriers to entry, little competitor rivalry, or multiple substitute products or services. High "market complexity" is reflective of higher risk, and means there are few suppliers, significant barriers for new suppliers to enter the market, no substitutes, strong competitor rivalry, or a highly technical product. The more important the service or product is to making or keeping ITC's transmission service reliable, the higher it ranks along the value axis continuum.

Using the four quadrants of market complexity and value, ITC tailors its procurement activities based on the characteristics of the particular quadrant.

- High Value / High Complexity Quadrant 4 ("Strategic"): These services and items are strategically important to ITC's core business. Therefore, ITC uses long-term partnering type agreements to ensure high quality supply, emergency responsiveness, etc. Since these services and commodities are strategically so significant, they are standardized as much as possible. The standards are used for inventory, design, construction and maintenance. The strategy transcends multiple departments across the organization. Even at the planning level, for generator interconnection work, due to long-term agreements and standardization, lead-times for the entire process is more predictable than otherwise would be possible. The format of ITC's "Strategic" commodities and services relies on primarily "open book" (actual costs plus negotiated profit) agreements for maintenance and construction services, transformers, steel poles and conductor.

- Low Value / High Complexity Quadrant 3 ("Critical"): These services and materials may be acquired through a traditional open book agreement or a hybrid of the open book agreement, such as one with a price list that is trued up/reconciled annually to actual costs plus a negotiated fee. These services and items are critically important to the company's core business, but may not cost as much as those in Quadrant 4.
- High Value / Low Complexity Quadrant 2 ("Leverage"): ITC pools its commodities or services into categories of similar products and services to leverage its spend volume with key suppliers and drive a lower total cost, improve warranties and obtain value adds from its suppliers. To optimize this strategy, stakeholder teams work hard to standardize product descriptions and set them up as inventory items. This permits ITC's inventory planning system to assist in replenishment orders so that products are readily available for capital projects or emergency maintenance.
- Low Value / Low Complexity Quadrant 1 ("Transactional"): These items may be handled on a one-off basis or through blanket orders to reduce transaction costs and increase efficiency and consistency.

Services and commodities that fall into Quadrants 3 and 4 are overseen by the Director of Supply Chain, and managed by a dedicated Supply Chain Manager, a lead buyer, and SMEs or internal stakeholders. The supplier or contractor also provides an executive sponsor and a key account lead, and will involve its key stakeholders such as design engineers or logistics personnel. Meetings are typically held quarterly; however,

for the key individuals from each company, communication is frequent and often daily. The parties work together to develop service level plans with long to medium term goals; work and materials are forecasted; suppliers are involved earlier in projects under development; and process improvements and efficiencies are promoted, shared and documented.

Approximately 70-75% of ITC's Supply Chain spend in 2011 was in Quadrants 3 and 4 – the two quadrants with high market complexity. Many ITC/supplier relationships have been in place for five or more years. This has permitted ITC's Supply Chain to aggressively manage its Quadrant 2 services and commodities with an ongoing cross-functional team. These are typically handled with a Supply Chain manager and buyer lead as well as internal stakeholders in a similar fashion to the Quadrant 3 and 4 alliances. Since the overall spend is not as great and the risk is lower, these supplier relationships are often given to supply chain buyers to develop their leadership skills. Managing our supply chain relationship in this fashion has allowed us to focus our efforts with the right personnel for the right procurement activities.

Q60. HOW DOES ITC ENSURE IT IS GETTING THE BEST OVERALL VALUE?

A. ITC looks at total life cycle costs when evaluating its suppliers. Because of ITC's familiarity with our suppliers' manufacturing processes, we can be confident in their quality and delivery performance. Our construction contractor relationships bring efficiency and economies of scale to our projects.

Periodically, we also go to market to bid large capital equipment and construction projects. When considering suppliers and overall value, ITC's primary objectives are best in class safety, reliability, accessibility, competency in delivering a quality product, and achieving the lowest total cost of transmission.

Q61. HAVE YOU IDENTIFIED A DOLLAR AMOUNT OF SAVINGS THAT WILL BE ATTAINED THROUGH THE TRANSACTION?

A. To date, we have focused more on how we will go about achieving the savings after the Transaction closes, rather than trying to identify specific cost savings that we can bring to the region. Much of the work involves more detailed reviews of the existing procurement contracts that Entergy maintains, and then meeting with vendors and suppliers to work on new agreements going forward.

Nevertheless, ITC does expect that our supply chain philosophy and alliance pricing will be able to lower costs in the Entergy Region. ITC expects that by categorizing procurement costs for the new ITC Midsouth Operating Companies in the same fashion as we have done for our existing operating companies, we will be able to enter long-term arrangements for our new strategic and critical sourcing needs. Standardization going forward may help us leverage savings for additional spending with existing suppliers to the extent they are able to meet our needs in the new operating footprint. We believe our efficiencies and successes in supply chain management will provide meaningful opportunities for cost savings as we negotiate alliances with Entergy's current suppliers and with our own existing suppliers.

Q62. WILL ITC'S SUPPLIERS SUPPORT YOUR EFFORTS TO EXPAND?

A. We expect so. Historically, ITC's suppliers have been supportive and understanding of the fact that as ITC grows, they will grow as well. Two of ITC's criteria for selecting an alliance partner are the supplier's capacity and long-range growth plan. This past spring, we reached out to many of our suppliers to seek their feedback on our alliances and how they might view the Transaction. Their responses were quite favorable; I have included several response letters we received as **Exhibit JEJ-12**.

Q63. WHAT WILL BE ITC'S APPROACH TO ENTERGY TRANSMISSION'S EXISTING SUPPLIERS?

A. We will review the terms of supplier agreements in place at Entergy. ITC hopes to utilize or expand those relationships, especially for suppliers that are local to the ITC Midsouth transmission system.

vii. Stakeholder Relations

Q64. HOW DOES ITC'S ENGAGEMENT WITH STAKEHOLDERS HELP IT ACHIEVE OPERATIONAL EXCELLENCE?

A. Since our only line of business is the ownership, operation and maintenance of transmission systems, it is imperative that we develop business practices that demonstrate our commitment to improving the operating performance of those systems. We have a Stakeholder Relations Department that reports up through the Vice President of Regulatory and External Affairs. The Stakeholder Relations Department is committed to

the continuous improvement of ITC's customer service and communications experience, focusing on providing solutions on matters including electric reliability, power quality improvements, system capacity and transmission infrastructure improvements. One example of this has been the establishment of regularly scheduled meetings with several stakeholders to review outage cause analyses for unplanned transmission outages, the effects of those outages on power quality, relevant policy issues, and the consideration of any needed improvements to provide better quality service. The frequency of these meetings depends on the customer's desires. Future planned outages that may impact stakeholders are discussed to coordinate the scheduling to minimize any potential impact to a stakeholder.

Our Stakeholder Relations Department also solicits economic development information to share with system planners and participates in facilitating construction meetings to monitor key activities and deliverables. All of these concepts pertaining to stakeholder relations are laid out in more detail in the testimony of ITC witness Mr. Thomas Wrenbeck.

Q65. HOW DOES ITC'S EXPERIENCE IN ITS CURRENT OPERATING COMPANIES PREPARE IT FOR STAKEHOLDER RELATIONS IN MISSOURI AND THE ENTERGY REGION?

A. ITC's Michigan companies operate in a region dominated by a significant number of large industrial installations, such as automotive assembly plants, automotive parts suppliers, and steel and chemical plants. ITC is very aware that, for an industrial facility,

a single momentary outage can cause hours of delay and cost thousands of dollars. ITC's operating philosophy is to work closely with large industrial customers to optimally schedule maintenance or upgrade work on transmission facilities that may affect the customer. ITC balances restoration priorities and strives to minimize any power quality effect on industrial customers. We recognize there are a significant number of major industrial loads in the Entergy Region, from the petro-chemical refineries along the Mississippi River and the Gulf Coast, to the steel mills in northern Arkansas, to automotive manufacturing facilities in Mississippi. Our relationships and experiences in Michigan are comparable to the relationships we will develop and maintain in Missouri and in the broader Entergy Region.

As an example of ITC's approach to industrial customers, consider a request from an existing industrial facility operating in the METC service territory. This particular customer requested a new load interconnection of hundreds of megawatts. ITC made the request a top priority, and met monthly with the customer and its electric distribution utility, Consumers Energy, to address the customer's needs. ITC proposed a project to MISO, who then in turn approved the project as an Out-of-Cycle review project to ensure we would meet the customer's needs, including their need for expedited completion.[16] The project was completed on time, allowing the company to meet its growing electric demands, and was designed to meet the unique reliability needs of the facility, which is in

[16] The MISO Out-of-Cycle review process provides for MISO approval of a transmission project to meet immediate needs, outside of the normal MTEP project review process, as discussed in the testimony of ITC witness Mr. Thomas Vitez. The process is generally reserved for new load growth (industrial or commercial) or newly-identified system needs.

nearly continuous operation during the entire year. Equally as important, the project strengthened the transmission grid in the vicinity of the customer's facility by converting the existing substation to a more robust and reliable substation topology suitable for future growth and expansion of the transmission system. Again, ITC witness Mr. Thomas Wrenbeck discusses the stakeholder relations function in more detail.

VI. BUSINESS INTEGRATION EFFORTS

A. Project Management Organization

Q66. HOW WILL ITC ENSURE THE CONTINUED RELIABILITY OF THE TRANSMISSION SYSTEM FOLLOWING THE CLOSE OF THE TRANSACTION?

A. We have put a schedule and process in place designed to ensure a seamless transition of ownership and operation of the transmission business from the Entergy Operating Companies to ITC. To facilitate the integration of the Entergy transmission business into ITC at close, a Project Management Office ("***PMO***") has been established. The PMO is led by senior executives from both companies. I represent ITC; Joe Domino (Entergy Corporation's Chief Integration Officer) represents Entergy Corporation. We are assisted by a PMO support team. To help steer us in the right direction and keep us focused on the activities that will facilitate timely and effective execution, we have developed a set of principles to guide us through the integration process. For example, one guiding principle is that ITC will lead the transmission business integration. Another is that Entergy Corporation will make decisions about the transmission business separation, the

remaining Entergy Operating Companies, and MISO integration. ITC will provide input and guidance regarding the separation and MISO integration, focusing on decisions that impact ITC's integration of the transmission business. Several other guiding principles deal with the integration efforts, separation efforts, and overall integration of the two companies.

As part of the integration structure, we have established teams that represent the various business areas that will be affected by the Transaction. Each team has an ITC and an Entergy lead. The integration activities have been structured in the following phases:

- Analysis,
- Pre-Design,
- Design,
- Implementation Planning, and
- Implementation.

The Analysis phase was designed so that each company would gain sufficient information from the other in order to make informed decisions about the design of the post-integration companies. The teams met regularly, visited each other's headquarters and field locations and assessed similarities and differences between the organizations. This work started at the end of February 2012 and lasted approximately two months.

The Pre-Design phase consisted of a series of workshops during which the PMO met with each team and identified key IT system and overall business integration challenges to be addressed on Day 1, which is the first day ITC would own and operate the Entergy transmission assets.

The Design phase was completed in the fourth quarter of 2012. This phase focused on developing Day 1 organizations, assessing and selecting key processes and IT systems. This naturally transitioned into the Implementation Planning phase, addressing both Day 1 implementation (closing) and in some cases, Day 2 (some time after closing).

Implementation will follow Implementation Planning, and will last through close and beyond in some cases. Day 2 work will be driven by what will be required to complete the services provided under the Transition Services Agreement ("*TSA*"), which is discussed later.

Several key milestones in the implementation have already been identified. The companies are working on the processes by which they will place Entergy employees into the ITC organization. ITC has committed to bring approximately 750 Entergy employees to ITC as part of the Transaction. Employee selection started in October 2012 and was recently completed.

Other important areas of focus include the decisions and work to separate IT systems, control centers, and establish ITC facilities in the South.

Q67. HOW WOULD ITC AND THE ENTERGY OPERATING COMPANIES INTEGRATE THEIR OPERATING FUNCTIONS?

A. Through the PMO process, various business integration teams, comprised of subject matter experts from both companies, are reviewing every function we perform and determining how the function should be performed when the Entergy transmission system has been merged into ITC. Take, for example, non-storm related outage

procedures. ITC will be responsible for responding to non-storm equipment outages on the 69 kV and above transmission system. To the extent such outages affect the lower voltage system or customers (EAI, electric cooperatives or municipal utilities) the response will be coordinated between the transmission operations control room and the control room(s) of other affected entities. We have assembled a business integration team that will be developing the specific communication and coordination protocols that will be deployed after the Transaction closes. It is anticipated that these coordination protocols will include coordination of field crews in a 'first responder' mode for damage assessment and/or equipment restoration. Under this arrangement, the closest qualified utility crew may perform damage assessment or equipment restoration on the other party's system, under the direction of the applicable operations control room.

Similarly, the processes for transmission system upgrades, transmission system maintenance, new interconnections for transmission voltage level retail customers, switching procedures related to emergency maintenance and a number of other topics are being studied by the business integration teams to determine how those activities will take place following the close of the Transaction. The specifics have not been determined at this time, but will be identified during the business integration process.

Q68. WHAT ARE SOME EXAMPLES OF ITC'S BEST PRACTICES THAT HAVE BEEN IDENTIFIED THROUGH THE INTEGRATION PROCESS AND ARE BEING CONSIDERED FOR APPLICATION ON THE ENTERGY TRANSMISSION SYSTEM?

A. One best practice ITC employs is centralized transmission line outage planning and scheduling for construction and maintenance activities. Outage planning and scheduling for construction and maintenance activities is centralized in the Operations Department at ITC. This streamlines the process and allows a central organization to set priorities in concert with other known system configuration issues. This practice optimizes our ability to leverage outage windows for multiple construction and maintenance project needs. It also minimizes inefficiency that might be caused by iterations of requests and denials.

Another best practice in Operations is our use of a single control room. Our control room performs both switching and tagging for maintenance activities as well as reliability monitoring. Entergy has separated these activities both functionally and physically.

A third best practice I want to highlight is our use of a centralized relay performance work group. ITC's relay performance group within our Asset Management Department is responsible for supporting operational functions by investigating system protection operations, recommending corrective actions, and reviewing results of field work. The centralized relay performance group enhances our ability to have a consistent system-wide approach to relay protection procedures, documentation and 24 hour

technical support, and provides an improved focus on capital projects by separating operational support activities from capital project workload and leveraging critical and unique relay engineering skills. The relay performance group also ensures system protection maintenance results are reviewed and that documentation is completed (including the field technician's signature), ensuring accountability through a formal review and forming a basis for further asset management program enhancements.

Q69. ARE THERE BEST PRACTICES THAT ITC WILL ADOPT FROM ENTERGY?

A. Certainly. Our integration teams have been looking at practices in both companies, and our intention is to use the best practices from both companies, as appropriate. For example, Entergy has some very robust views about CIP compliance. Entergy has an executive focused exclusively on CIP compliance, whereas at ITC the highest level position focused exclusively on CIP compliance is at the manager level. Entergy has also taken advantage of the ability to delegate some of the CIP Senior Manager authority and functions whereas ITC has not. These are some of the things we will need to look at as we continue to refine our CIP program.

Many other best practices are being looked at between the two companies. Some practices are still being examined to see which company's way of performing a function is better. As the integration teams move further through the integration activity phases, more best practices will emerge.

B. Organizational Structure and Management Oversight

Q70. PLEASE DESCRIBE ITC'S ORGANIZATIONAL STRUCTURE.

A. ITC is governed by an independent Board of Directors. This Board is comprised of knowledgeable individuals with no affiliation to any market participant, and, with the exception of Mr. Joseph Welch, no affiliation with ITC other than the Board appointment itself.

Mr. Welch is the Chairman of the Board, President of ITC, and Chief Executive Officer. Reporting to Mr. Welch are Mr. Cameron Bready, Executive Vice President and Chief Financial Officer; Ms. Linda Blair, Executive Vice President and Chief Business Officer; Mr. Daniel Oginsky, Senior Vice President and General Counsel; and me, Executive Vice President and COO. Also reporting to Mr. Welch are a Director of Strategic Initiatives and a Director of Corporate Compliance.

Reporting to Mr. Bready are the Vice President of Finance and Treasury, the Vice President and Controller, the Vice President of Grid Development, the Director of Finance Projects and Investor Relations, and the Director of Internal Audit.

Reporting to Ms. Blair are the Vice President of Human Resources, the Vice President of Federal Affairs, and the Vice President of Regulatory and External Affairs. Also reporting to Ms. Blair are the President of ITC Michigan (responsible for our ITCT and METC subsidiaries) and the President of ITCMW.

Reporting to Mr. Oginsky are the Vice President and General Counsel of Utility Operations and the Vice President and General Counsel of Enterprise Operations.

I discussed the organization of the Executive Vice President and COO in detail at the beginning of my testimony. A high level Organization Chart depicting all of these reporting relationships is included as **Exhibit JEJ-13**.

Q71. WHEN THE TRANSACTION CLOSES, HOW WILL ENTERGY'S CURRENT TRANSMISSION EMPLOYEES BE INTEGRATED INTO ITC'S EXISTING ORGANIZATIONAL STRUCTURE?

A. ITC will employ an organizational structure that augments the performance accountability of a traditional operating company line-reporting structure with corporate-level governance and oversight for operating functions: Planning, Engineering, Construction, Operations, and Asset Management. I will refer to this as the Governance and Oversight model, or G&O model.

In the case of traditional corporate services (*e.g.*, Finance and Accounting, Human Resources, Legal, and Supply Chain), ITC will expand its current practices and organizations to accommodate the ITC Midsouth Operating Companies, however the governance model in these areas will not fundamentally change. Corporate support staff located in the south will have traditional hard-line reporting into ITC's corporate organization.

This Transaction will significantly increase ITC's employee population. In order to effectively manage the new organization, we are going to take this opportunity to evolve to a new organizational structure that will support the larger regional footprint in which we will operate. To ensure business and operational continuity, we will leave

many of the existing reporting relationships in the operating functions named above in place for the ITC Midsouth Operating Companies. While the ITC Midsouth Operating Companies will have accountability for performing various functions in its footprint, ITC will ensure that the ITC Midsouth Operating Companies incorporate the corporate management and operational philosophies that have made ITC successful through its independent business model. This approach ensures that ITC standards are implemented throughout the new ITC Midsouth Operating Companies.

Q72. PLEASE DESCRIBE THE ORGANIZATIONAL STRUCTURE YOU WILL EMPLOY FOR THE ITC MIDSOUTH OPERATING COMPANIES.

A. There are four components to the G&O model ITC will employ for the operating functions of the ITC Midsouth Operating Companies. First, there is a Governance aspect, in which the ITC corporate organization maintains the accountability to set policies and rules for a function and guides the development of methods, procedures, and practices at the ITC Midsouth Operating Companies. Think of this as setting corporate standards for the organization. The second aspect is Oversight. This, too, is a corporate level function, and ensures that the Governance objectives are properly implemented at the ITC Midsouth Operating Companies by monitoring performance and outcomes. ITC has performance goals that are monitored for all of its existing operating companies. Similarly, the ITC Midsouth Operating Companies will have performance goals that are reflective of ITC's expectations. These performance goals focus on the core elements of

operational excellence, *e.g.*, safety, preventative maintenance, NERC compliance, capital and O&M expenditures, and reliability.

The final two aspects of the model – Support and Perform – will occur at the ITC Midsouth Operating Companies, which will be responsible for developing and implementing the plans to achieve the results defined by corporate and ensuring they have the appropriate resources to do this. The ITC Midsouth Operating Companies will have the accountability to manage their organization and resources to meet the performance objectives for the organization; however, ITC will set the goals through Governance and Oversight so that the ITC Midsouth Operating Companies are held accountable to ITC's performance standards.

For example, ITC corporate will set the reliability goals for the ITC Midsouth Operating Companies; the ITC Midsouth Operating Companies will be held responsible for meeting them.

Q73. HOW WILL THIS ORGANIZATIONAL STRUCTURE BE IMPLEMENTED FOR THE FORMER ENTERGY EMPLOYEES?

A. The ITC Midsouth Operating Companies will be directly responsible for ensuring the safe and reliable operation of the former Entergy transmission grid. ITC corporate management will provide additional oversight as described above.

ITC employees working on the ITC Midsouth transmission system will remain responsible for operating the transmission system in a safe and reliable manner and maintaining the assets in a condition to ensure their availability when called upon. The

ITC Midsouth Operating Companies will be responsible for coordination with local governments and utilities for emergency restoration efforts. This governance model ensures that ITC's corporate philosophy is being carried out at the operating level by setting standards and performance objectives for the ITC Midsouth Operating Companies' management to implement. Other functions, such as Regulatory Strategy and Stakeholder Relations, will report up to the Chief Business Officer, even though they will be located in the local ITC Midsouth Operating Company offices. Organizational design is underway right now to finalize some of these decisions.

Q74. CAN YOU GIVE EXAMPLES OF HOW THIS WILL WORK?

A. Yes. One of ITC's operational objectives is that our system operators, called Transmission System Coordinators, be certified to the highest level of NERC certification – the Reliability Coordinator. This is voluntary on our part, but it is important for our operators to have the in-depth operational knowledge that the Reliability Coordinator certification level demonstrates. This is an example of a governance objective that would be set from the corporate level. The line organizations would be required to implement the objective. It will be the responsibility of ITC corporate, in this case the Vice President of Operations, to confirm that the ITC Midsouth Operating Companies have met this objective. Our Vice President of Operations might conduct an audit of all control room operators to determine how many have achieved the requisite certification level, and may require the operating company management to implement a plan by which any operators not at the required level become certified within a certain amount of time.

In another example, ITC employees dedicated to the ITC Midsouth Operating Companies' activities will perform the Planning function for the ITC Midsouth Operating Companies. However, the standards and planning criteria to which they perform this work will be set by ITC's corporate Planning organization. ITC will monitor the studies conducted and satisfaction of the customers requesting interconnection or other types of service. Through its robust stakeholder management process, any questions or concerns raised by customers will immediately be addressed, as appropriate. ITC conducts regular customer satisfaction surveys for its operating companies to identify ongoing customer concerns and monitor how ITC is meeting customers' expectations. In addition, ITC proactively monitors the status of all capital projects being constructed.

Q75. WHAT ARE THE ADVANTAGES OF LEAVING OPERATING RESPONSIBILITIES WITH THE ITC MIDSOUTH OPERATING COMPANIES?

A. One key reason for continuing to maintain responsibility for operations with the ITC Midsouth Operating Companies is to ensure continuity of reliable service from the moment we close the Transaction. Local stakeholders have become accustomed to working directly with local transmission employees. We want to ensure that these relationships continue after the Transaction is consummated. We also want to ensure that local and regional management is empowered to make decisions about circumstances and situations that are occurring at the local and regional level.

Q76. WHERE WILL ITC'S REGIONAL HEADQUARTERS BE LOCATED?

A. Pursuant to Section 1.18 of the Merger Agreement, ITC will establish and maintain a regional headquarters in Jackson, Mississippi, where the headquarters of the Entergy transmission business currently is located, for a period of not less than three years. This is where many of the engineering, planning, information technology, and other centrally located departments will be located. ITC will also have offices throughout the service territory, including Arkansas, to house regulatory, state governmental affairs, local governmental and community affairs, and customer relations functions. This will ensure that retail regulators and local government officials will have local regulatory and governmental affairs contacts. ITC also will establish warehouse facilities and other field crew offices throughout the service territory to facilitate the timely restoration of the transmission system and respond to extraordinary system needs.

Q77. HOW WILL ITC ASSURE THAT IT IS STAFFED SUFFICIENTLY FOR DAY-TO-DAY OPERATIONS UPON CLOSING?

A. As provided for in the Employee Matters Agreement ("***EMA***"), approximately 750 Entergy employees will become ITC employees. The EMA established an integration team for the purposes of employee selection, consisting of eight members, four from each company. A goal of the integration team is to assure that ITC will have sufficient operational and management employees to operate and manage the new ITC Midsouth Operating Companies.

Approximately half of the 750 employees who will move to ITC are employees working in the Entergy transmission business today. After the closing of the Transaction, certain Entergy transmission business management will serve in an executive capacity at ITC, and will help to ensure a successful transition and continuity of operations. Very few, if any, employees will be asked to relocate outside the Entergy Operating Companies' footprint.

C. Transition Services Agreements

Q78. WHY ARE THE TRANSITION SERVICES AGREEMENTS NEEDED?

A. ITC and Entergy Corporation have determined that Transition Services Agreements ("*TSA*") are necessary for a period not to exceed two years, subject to FERC approval, to assure the continuity of reliable operation of the transmission systems and to support the smooth, efficient transfer of these systems from the Entergy Operating Companies to ITC. ITC, Entergy Services, Inc. ("ESI")[17], and the Entergy Operating Companies will enter into two TSAs: one for services from ESI and the Entergy Operating Companies to ITC and one for services from ITC to ESI and the Entergy Operating Companies. Copies of the Transition Services Agreements are attached hereto as Exhibit JEJ-14. These TSAs will be structured to retain and ensure ITC's independence and its independent operation of these new systems. Compliance with FERC's Standards of Conduct for Transmission

[17] ESI is a subsidiary of Entergy Corporation that provides technical and administrative services to all the Operating Companies. ESI frequently acts as agent on behalf of all the Operating Companies in proceedings before the FERC.

Providers will be required. Services will be performed under the direction, supervision and control of the service recipient, *e.g.*, ITC will supervise the provision of services to it by ESI and the Entergy Operating Companies. These TSAs also will enable ESI and the EOCs to develop new capability to replace the services provided by the employees and systems that will move to ITC. All services will be provided at cost, with no profit margin.

Q79. PLEASE DESCRIBE GENERALLY THE TSA UNDER WHICH ESI AND THE ENTERGY OPERATING COMPANIES WILL PROVIDE SERVICES TO ITC.

A. ESI and the Entergy Operating Companies will provide services to ITC in the following areas:

- field support services (including services related to maintenance activities and maintenance support; restoration activities; project construction and management; safety and skills training for field employees; warehousing; and materials management);
- engineering support services (including services related to right of way and easement acquisition; permit acquisition; engineering design; system protection engineering and consulting; IT and telecom support; engineering and technical support; and access to drawings, records and other technical information until separation can be completed);
- site access services (including services related to substation site access; facilities access; physical security monitoring and access control); and

- corporate support services (including access to business systems).

ESI and the Entergy Operating Companies will provide these services at cost, and in accordance with good utility practice. ESI and the Entergy Operating Companies will be paid all verifiable direct and indirect costs allocated in accordance with the methodology employed historically by ESI and the Entergy Operating Companies for the provision of services to affiliated entities and business units

Q80. PLEASE DESCRIBE GENERALLY THE TSA UNDER WHICH ITC WILL PROVIDE SERVICES TO THE EOCS.

A. ITC will provide services to ESI and the EOCs in the following areas:

- field support services (including planned maintenance and unplanned service restoration for the distribution system where Entergy distribution resources are not geographically available; project construction and management activities on the distribution system for projects that cross over the Transaction closing period; continued use of vehicles, tools and equipment until suitable replacements can be deployed; warehousing; and maintenance support);
- engineering support services (including storage of and access to drawings, records and other technical information until separation can be completed; technical support services for the acquisition of rights of way and easements for the Distribution substation projects that cross over the transaction close period; acquisition and maintenance of various required permits; system protection and SCADA support; and automated loadshed program support);

- site access services (including physical security monitoring and access control); and
- corporate support services (including access to business systems; access to stored information necessary for continuity of operations across the transaction closing period; and reliability compliance documentation).

ITC will provide these services at cost, and in accordance with good utility practice, and will be paid all verifiable direct and indirect costs.

Q81. WHAT IS THE PROPOSED TERM OF THE TSAS?

A. The term of the TSAs would be one year, with up to two, six-month extensions of the agreements if reasonably necessary to continue the transition of particular services from the company providing the service to the service recipient company. ITC and Entergy expect that the majority of services under the TSAs will not be required for more than one year. FERC must approve these TSAs. FERC has approved comparable transition services agreements in connection with previous ITC transactions.

Q82. WILL ITC HAVE THE ABILITY TO OBTAIN ALL NECESSARY HEALTH, SAFETY AND OTHER PERMITS?

A. ITC has the resources necessary to obtain any health, safety and other permits required to do business in all jurisdictions. This includes obtaining all necessary franchises. ITC's operating companies currently operate in seven states, and ITC is experienced in health, safety, environmental, and other required permitting.

Q83. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

STATE OF Mississippi)
) SS.
COUNTY OF Hinds)

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of the Joint Application of Entergy Arkansas, Inc., Mid South TransCo LLC, Transmission Company Arkansas, LLC and ITC Midsouth LLC for Approval of Transfer of Assets and Certificate of Convenience and Necessity, and Merger and, in connection therewith, Certain Other Related Transactions	)	File No. EO-2013-0396

AFFIDAVIT OF JON E. JIPPING

COMES NOW Jon E. Jipping, of lawful age, sound of mind and being first duly sworn, deposes and states:

1. My name is Jon E. Jipping; I am Executive Vice President and Chief Financial Officer ("COO") of ITC Holdings Corp.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony in the above-referenced case.

3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge, information and belief.

Jon E. Jipping

SUBSCRIBED AND SWORN to before me, a Notary Public, this 24th day of April, 2013.

Grace W. Wilson
Notary Public

My Commission Expires: Dec. 4, 2015

(SEAL)

GRACE W. WILSON
NOTARY PUBLIC
ID No. 100797
My Comm Expires
Dec 4, 2015
MADISON COUNTY
STATE OF MISSISSIPPI

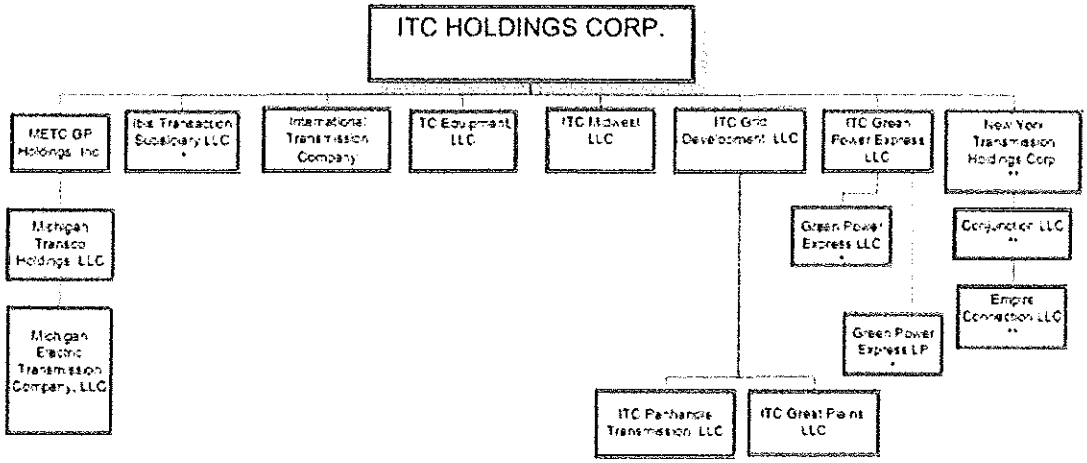
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of the Joint Application of Entergy Arkansas, Inc., Mid South TransCo LLC, Transmission Company Arkansas, LLC and ITC Midsouth LLC for Approval of Transfer of Assets and Certificate of Convenience and Necessity, and Merger and, in connection therewith, Certain Other Related Transactions	))))))))	File No. EO-2013-0396

EXHIBIT JEJ-1

CORPORATE ORGANIZATIONAL CHART

ITC HOLDINGS CORP. CORPORATE ORGANIZATION CHART



All entities are organized in the State of Michigan, except:
* Entities organized in the State of Delaware
** Entities organized in the State of New York

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

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EXHIBIT JEJ-2

HISTORICAL CAPITAL INVESTMENTS

Historical Capital Investments 2003-2011

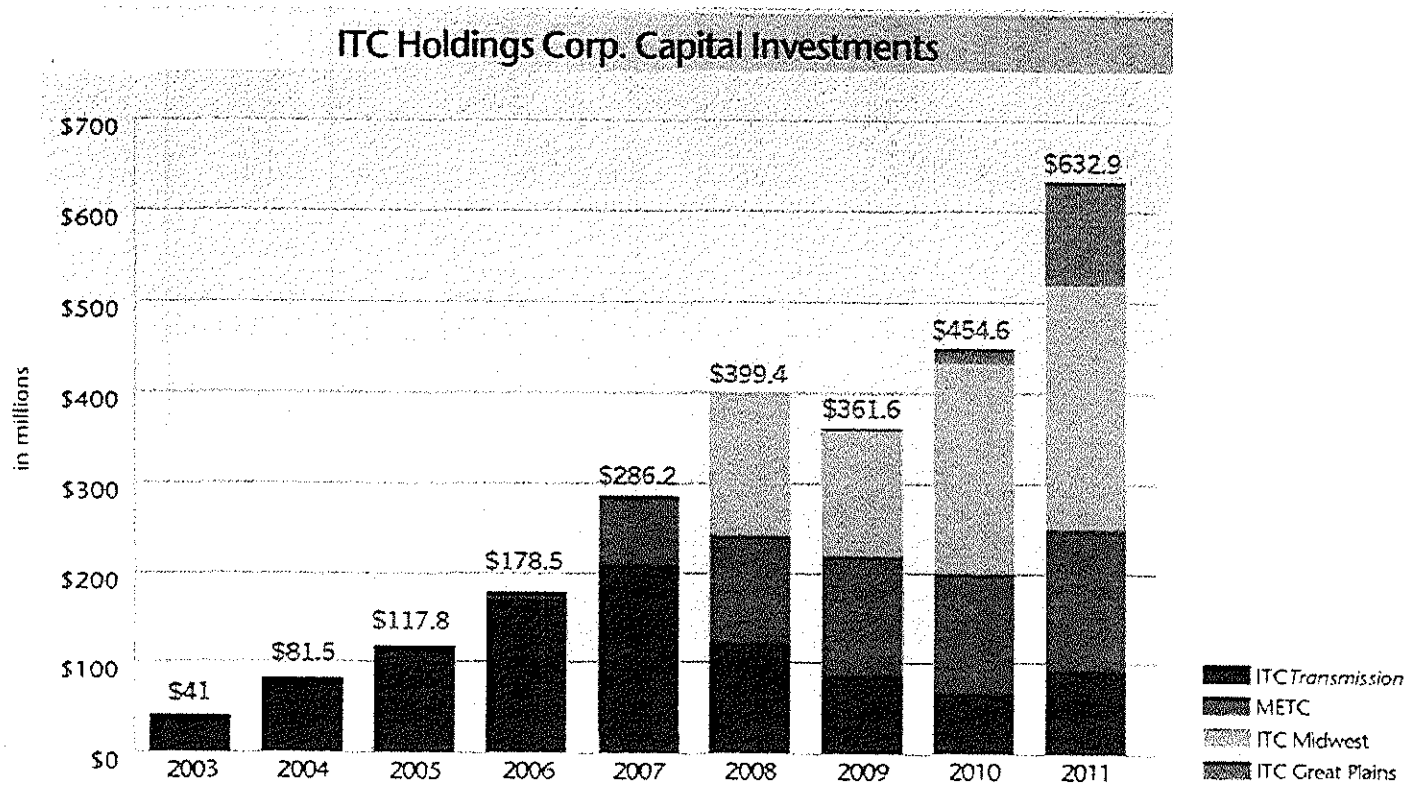

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EXHIBIT JEJ-3

SPEARVILLE TO AXTELL PROJECT MAP

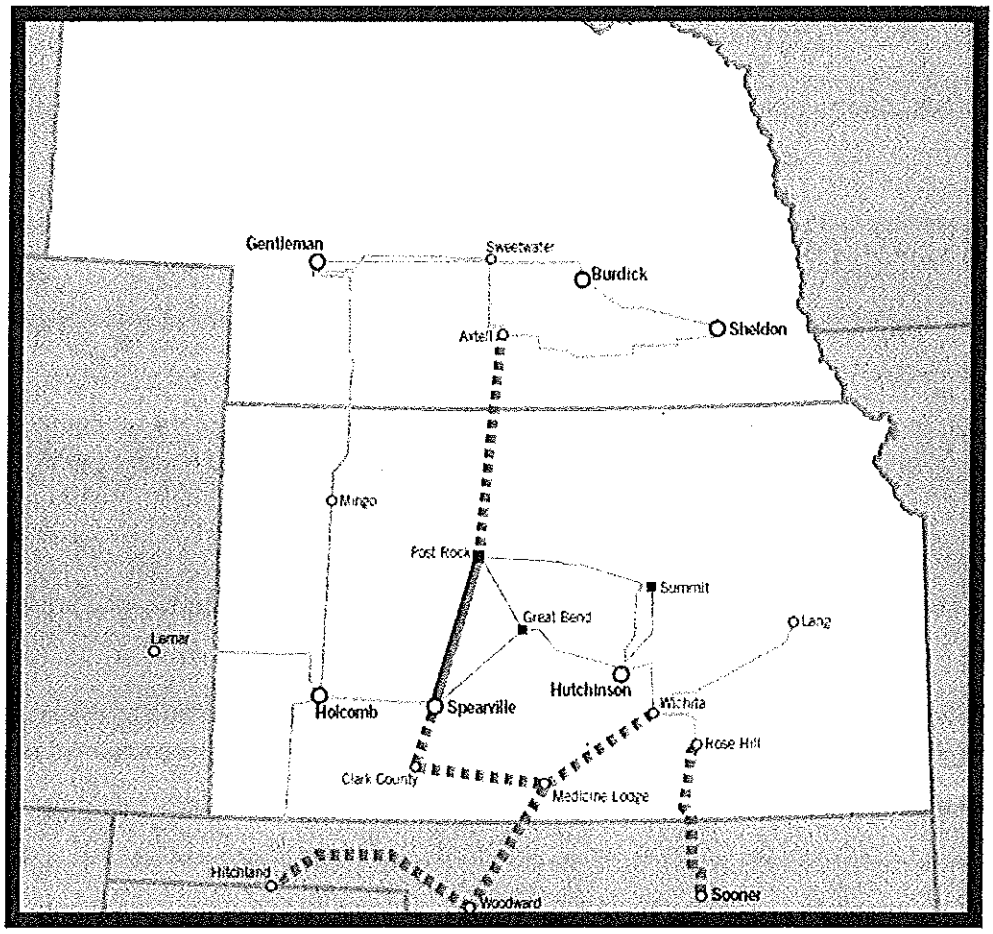
Gentleman
Sweetwater
Burdick
Sheldon
Axtell
Mingo
Post Rock
Summit
Great Bend
Lang
Lamar
Hutchinson
Holcomb
Spearville
Wichita
Rose Hill
Clark County
Medicine Lodge
Hitchland
Woodward
Sooner

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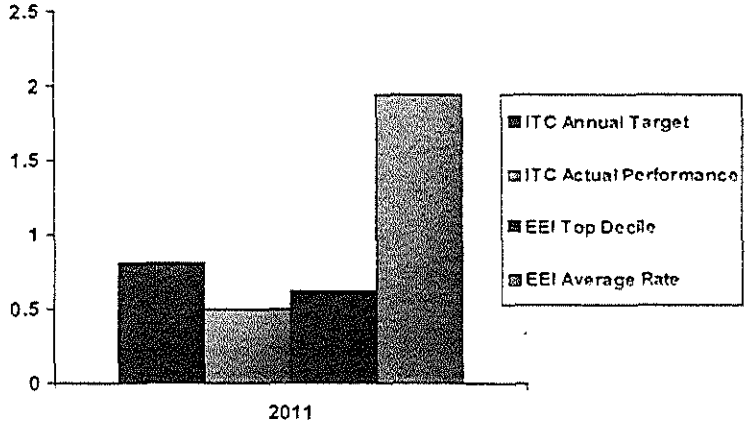
EXHIBIT JEJ-4

2011 EEI SAFETY SURVEY RESULTS

Safety
Results – Comparison to Peers

- ITC participated in Edison Electric Institute's (EEI) annual Safety Survey
  - Included ITC and ULC employee hours and safety information for 2011
  - 72 survey participants are a mix of transmission, distribution, generation and vertically integrated utilities
  - With only 5 recordable injuries and only 1 of these being a lost work day case, ITC was in the top decile for both recordable injuries and lost work day cases in 2011.

Recordable Incident Rate
All ITC & ULC



Lost Work Day Case Incident Rate
All ITC & ULC

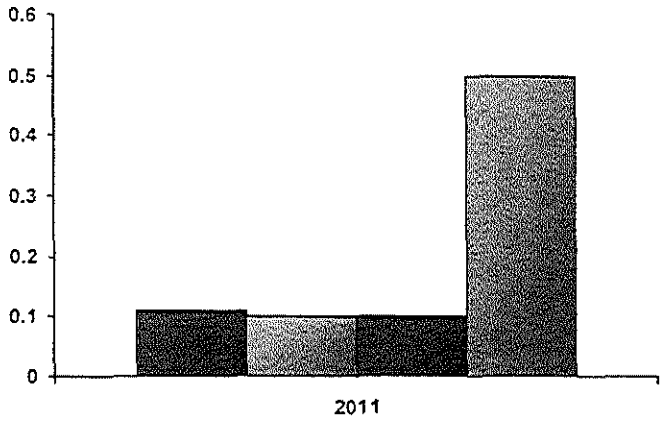


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EXHIBIT JEJ-5

REACTIVE VERSUS PREVENTATIVE MAINTENANCE TREND

Preventive Versus Reactive Maintenance

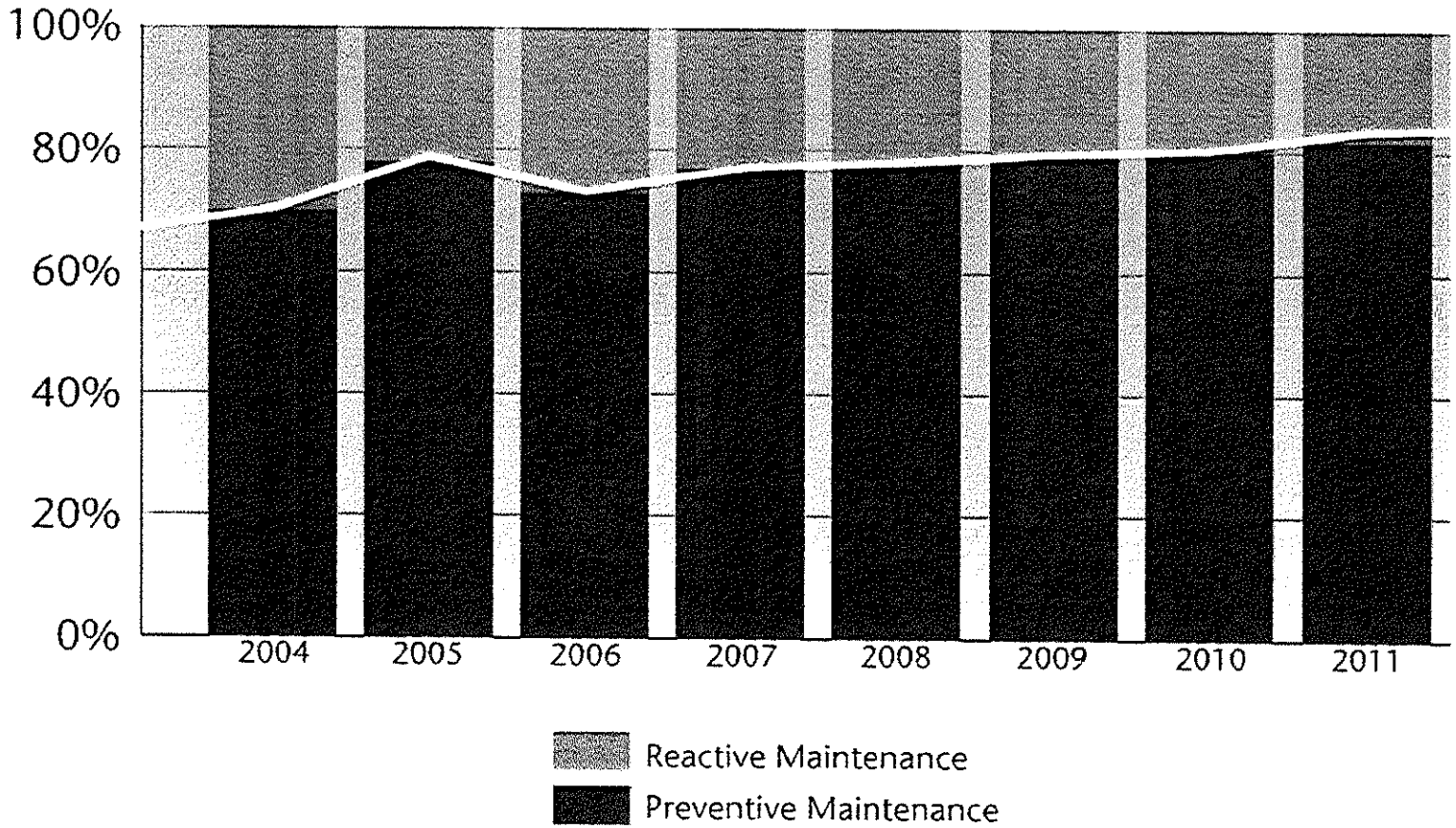

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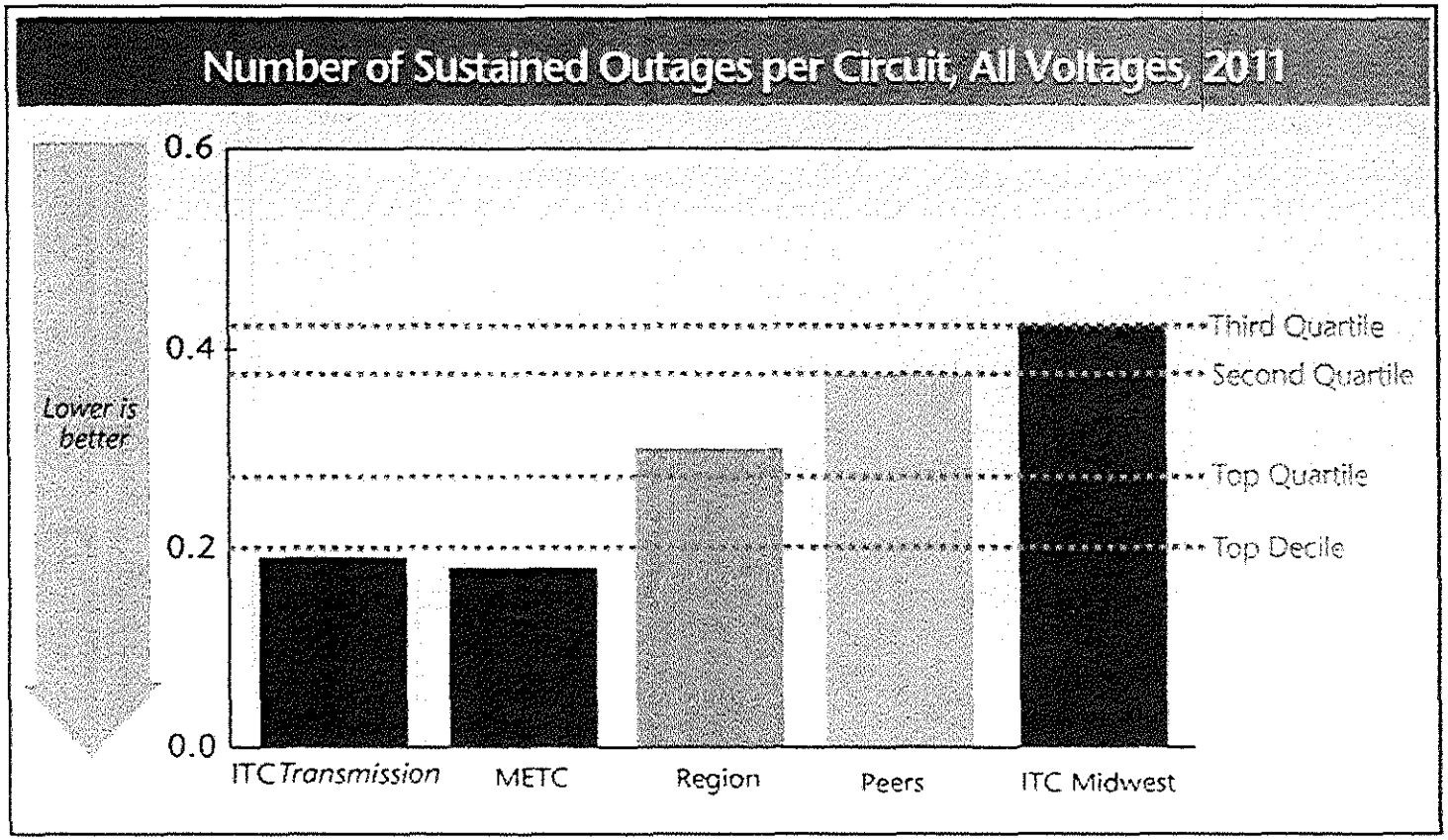
EXHIBIT JEJ-7

ITC OUTAGE RELIABILITY METRICS 2011

Sustained Outage Performance, 2011



Transmission Outage Duration, 2011

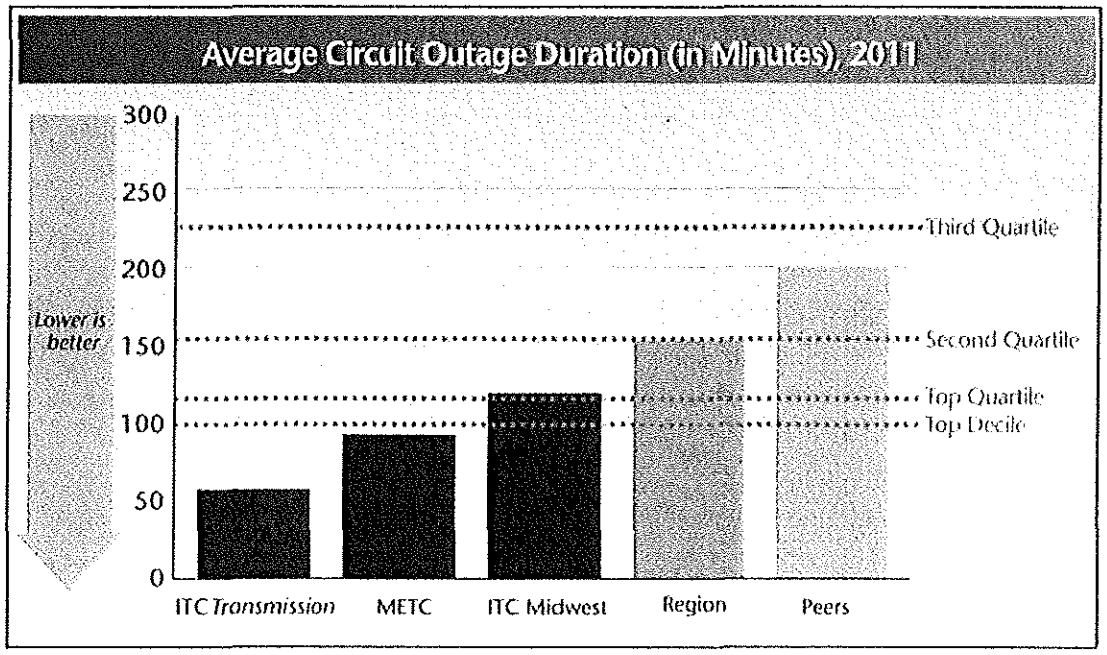


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EXHIBIT JEJ-8

OUTAGE CAUSE ANALYSIS REPORT AND DOCUMENTATION

ITC

Root Cause Analysis Report

Outage Date : 03/12/2010

Outage Time : 0125

Duration : 0

Circuits : Hunters Creek-Wabash

Voltage : 120kV

Outage Initiating : 1

Fault Type : 3

Initiating Codes
1 = Element-Initiated Outage
2 = Other Element-Initiated Outage
3 = AC Substation-Initiated Outage
4 = AC/DC Terminal-Initiated Outage
5 = Other Facility-Initiated Outage

Fault Types
1 = There was no target because no fault occurred
2 = Phase target(s) (i.e., phase-to-phase fault(s))
3 = Ground target(s) (i.e., phase-to-ground fault(s))
4 = Both phase target(s) and ground target(s)
5 = Unknown target(s)

Initiating Cause : 11

Sustained Cause :

Cause Codes
1 = Failed AC Station Equipment
2 = Failed Protection System Equipment
3 = Failed AC Circuit Equipment
4 = Weather, excl. Lightning
5 = Lightning Only
6.1 = Vegetation – Cat 1 (Grow-in)
6.2 = Vegetation – Cat 2 (Fall-in inside ROW)
6.3 = Vegetation – Cat 3 (Fall-in outside ROW)
7 = Foreign Interference
8.1 = External – Distribution Through Fault
8.2 = External – All, excl Dist Through Fault
9 = Human Error
10 = Other
11 = Unknown
12 = Environmental
13 = Contamination
14 = Fire
15 = Vandalism, Terrorism, Malicious Acts
16 = Failed AC/DC Terminal Equipment
17 = Failed DC Circuit Equipment
18 = Power System Condition

Written By : ekeeler

Date : 05/03/2010

Completed Date : 05/03/2010

Description:

The Hunters Creek-Robin-Wabash line opened and reclosed at 0125 hours on 3/12/10.

Analysis:

Relay data indicated a Z-G fault near Structures 3134. A patrol was requested between Structures 3131-3138. No lightning was detected although this line has had shielding failure outages in the past.

Corrective Action:

ULC Towers patrolled the target area but did not find any indication as to the cause of the fault. The line will have double shield wire peaks and an additional ground wire installed on it by the end of 2010 to alleviate some of the lightning related outages on this line, even though this outage was not caused by lightning.

Hunters Creek-Robin-Wabash

Circuit Characteristics

The Hunters Creek-Robin and Robin-Wabash circuits are paralleled 477 kcmil 26/7 ACSR for the majority of the length. Where there are only 3 conductors it is 954 kcmil 54/7 ACSR. The Imlay Pumping and Otsego tap are tapped off the Robin-Wabash circuit. The Imlay Pumping branch of the circuit is 795 kcmil 26/7 ACSR. A pole top switch with the Otsego Tap is on the Imlay Pumping branch. The Otsego tap is 954 kcmil 54/7 ACSR. There is one shield wire on the line. It varies between 3/8" steel, 7/16" steel, and 3/0 ACSR. There are two transposition towers on the Robin-Wabash section of the line.

The majority of the line was built in 1949, going to Bunce Creek, all on lattice towers. The line was rearranged in 1970 to go to Wabash. This section is comprised of 21 towers that were built at that time. The tap to Imlay Pumping was constructed in 1974 on steel poles. The GOAB switch and wood pole tap to Otsego was built in 2003.

The structures used to build the line in 1949 are still structures we would use today although the design was modified in 1951 using some larger members. Since the tower design was modified in 1951, double ground wire peaks have been designed for this family of towers (AA, AB, AC, AD, and AH.) Any new design would utilize these peaks for improved shielding. The structures used in 1970 are not normally used in new design today except in cases where they would be used to match existing line characteristics. Wood poles are not used for new construction on the ITC*Transmission* system.

Outage History

The Hunters Creek-Robin-Wabash line has had numerous outages on it during the past several years. There have been 36 outages on the line since 1990, not including station caused outages or externally caused outages. The outage breakdown is described below:

1. Galloping: There have been 5 galloping related outages on the line. Three of these outages occurred within an hour of each other in 1991 during the same storm event. The other galloping outages did not occur until 2006 and 2007 during ice storms. Several other lines on the system experienced galloping during these storms as well. It was not isolated to just this line.

2. Lightning: This line has had 10 lightning related outages with 7 of them occurring since 2003. There have been 3 lightning outages in 2008. The line currently has only 1 shield wire. ITC's current standard is to install 2 shield wires for any new construction because of the increased lightning protection. The poor lightning performance on this line is most likely due to the lack of adequate shielding protection.

3. Wind/Weather: There have been 6 wind and weather related outages, 2 of which occurred during the same storm event in 1992. Specifics were not given for these outages but an outage with a wind/weather cause currently is

for storm events that the structures are not designed to handle or for debris that the wind has blown into the line during storms. None of these outages occurred during the winter months so snow/ice did not cause them.

4. Other: This line had 1 outage that is classified as other. Because this occurred in 1995, the records for the outage are not detailed and the exact cause of the outage is not known. Normally an "other" cause is for an unusual event that is not a typical outage that one can predict.

5. Unknown: The most frequent cause of outages on the Hunters Creek-Robin-Wabash line is the unknown cause, occurring 14 times since 1990. After each outage, a line patrol is performed. An aerial patrol is currently performed after the initial ground patrol if nothing is found. A field supervisor leads this aerial patrol and may perform a ground patrol on their own. If nothing is found, the outage is classified as unknown. If the line involved is a 345 kV line, a climbing patrol is done within the target area before the outage can be classified as unknown.

Recent Inspections

The Hunters Creek-Robin line was last climbed in 2005. There were no abnormalities noted for the structures.

An aerial inspection was performed on both the Hunters Creek-Robin line and the Robin-Wabash line in June and November 2007 and May and September 2008. Follow-up ground patrols were performed following the aerial patrols to fix any problems found.

The wood poles on the Otsego tap were inspected in 2005.

Recommendations

Engineering recommends one or both of the following projects for the Hunters Creek-Robin-Wabash circuit:

1. Install double groundwire peaks and a second shield wire. Almost a third of the outages on the line since 1990 have been related to lightning with 70% of those outages occurring in the past 5 years. A single shield wire is not ITC*Transmission's* standard and we would be improving the lightning performance of this line by increasing the shielding. The shielding angle on the majority of the current towers on the line is 41°. With the addition of a double ground wire peak, the angle can be lowered to 7.85°. The generally accepted industry standard is a shielding angle less than 30°. It is also possible that some of the unknown outages could have been attributable to lightning. The lightning may not have caused damage or a lightning study may not have been performed for some of the older unknown outages.

2. Replace the insulators on the line. This line is almost 60 years old. The insulators are nearing the end of their life. Several unknown outages could be due to flashed insulators where the damage could not be seen from an aerial or ground patrol. If an

insulator is nearing the end of its life, it will no longer provide proper protection and could flash over. Testing could be performed on a random sampling of towers to determine if insulators have gone bad. If a high number of bad insulators is discovered, it would be prudent to replace them all since they are all of the same vintage and are reaching the end of their life.

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

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EXHIBIT JEJ-9

VALUE OF RELIABILITY IMPROVEMENTS ON ITC SYSTEM

Determining the Value of Reliability Improvements on the ITC System

H. Lee Willis and Don Morrow Quanta Technology
June 25, 2012

Introduction

This report summarizes the results of a study using the US Department of Energy's Interruption Cost Estimator (the DOE ICE) to compute the value of a one-minute improvement in ITC/METC's reliability of delivery on its system. The work was done by Quanta Technology, specifically Don Morrow and Lee Willis.

DOE's Interruption Cost Estimator

DOE's ICE is a web-based analysis tool developed by Lawrence Berkeley National Laboratory and Freeman Sullivan and Associates, one of the nation's leading utility market/customer analysis firms. The model computes the lost economic value to a group of electric consumers of power interruptions in the power provided by their utility, and has specific features to compute the total customer value of an improvement in reliability. Quanta's project team is familiar and experienced both with the ICE model itself as well as reliability-value models in general. It can be found at http://www.icecalculator.com/.

Description of Analysis

The model was set up on the most recent customer count, peak and energy data, and reliability results data available for the entirety of ITC-METC's customer base, which consists of the two major electric utilities in Michigan, DTE Energy and Consumers Energy. Table 1 shows the data used.

Table 1: Data Used in the Application of the DOE Interruption Cost Model

Factor		DTE	Consumers	Totals
Customers	Resid	2,001,589	1,603,222	3,604,810
	Comm	190,483	219,870	410,352
	Indu	1,101	8,504	9,605
	Other	1,976	2,041	4,016
	Total C&I&O	193,559	230,414	423,973
	TOTAL Customers	2,195,148	1,833,636	4,028,783
MW peak	Summer	11,951.37	9,107.33	21,059
MWhr sales		61,742,844	45,779,797	107,522,641
Load factor		59%	57%	58%
Peak/customer	kW	5.44	4.97	5.23
kWhr/customer		28127	24967	26689
Reliability - all	SAIFI	1.02	1.475	1.217
	SAIDI	426	538	474
Storms excl.	SAIFI	0.76	1.15	0.93
	SAIDI	152	254	196

Important Details of Analysis Using the ICE Model

A one-minute improvement in SAIDI, due to improved reliability of supply, would occur due to a slight improvement in *SAIFI*. The correct way to model that is to recognize that CAIDI, the average restoration time, would be unaffected by improvements in the inherent reliability of the transmission system and equipment providing the power – the improvement would be due to an improvement in the outage frequency of the system/equipment providing the power. The project team represented the reliability improvements in this manner.

DOE's ICE computes the economic value of electric service interruptions and of improvements in electric service reliability, almost entirely on the basis of lost productivity and other negative impacts seen by industrial and commercial energy consumers. It assigns a very low weight/value to any impacts on residential energy consumers. In the computed results given below, slightly less than 2% of the total economic values are due to the residential class. This is among the lowest impact costs Quanta Technology has seen. There are credible reliability-value models that assign a much higher value to the residential segment, and that would therefore give a much higher estimate of total value. However, reliability value factors for the C&I class are based on hard economic data reported by industry and are fairly easy to defend. Those in ICE are based on US government data and can are therefore quite credible. By contrast, economic value of reliability in the residential sector is based on psychological or "soft" customer surveys and a technical area not without dispute and controversy. DOE seems to have erred here on the side of extremely conservative values, values so low they are quite easy to defend.

The ICE model was used to compute both 1 year (next year) and 30-year net present value (NPV) results. Quanta Technology used the ICE model's default discount rate (6%) and inflation factor (2%) for Michigan rather than override them. Note that it is not appropriate to use ITC's or the utilities' economic factors here: the NPV value being computed is for the energy consumers (essentially, a good portion of the Michigan economy as a whole) and could therefore have very different factors than ITC or a utility.

Additionally, the numbers given here were computed without taking into account the impact – almost certainly positive – that this level of improved reliability would have during storms: the one-minute improvement and the economic value computed are based on improvements in the storms-excluded reliability for DTE, Consumers, etc. This was done because the project team interpreted several guidelines in ICE's documentation as indicated DOE thinks it is inappropriate to apply to storm-type interruption situations. Very likely an analysis that did include storm-outage improvement would show a significant increase in the economic values given below. However, that could not be done without using either a different model or making adjustments to the ICE results before including them as storms-included results.

Results

Table 3 gives the full details of computed values the project team developed. The key results are shown in Table 2.

Table 2: Computed economic value of one-minute improvement in non-storm SAIDI:

Total NPV of the improvement to energy consumers served by ITC-Michigan:	$139 M
Average NPV savings per energy consumer:	$35.00
Average NPV savings per kW of peak demand:	$6.6
Total of per year improvement to energy consumers served by ITC-Michigan:	$7.7 M
Average per year savings per energy consumer:	$1.90
Average per year savings per kW of peak demand:	$.36

The details given in Table 3 show that the total economic impact for Consumers Energy is larger than for DTE, despite it serving fewer customers. Table 3 also shows slight differences in per customer and per kW results by company. The reason is that Consumers is the larger company from the perspective of ICE's modeling. As mentioned earlier ICE bases its estimates of economic value almost entirely on C&I customer business impacts. Consumers, while having about 20% fewer customers overall than DTE, has 15% more non-residential energy consumers on its system (230K vs. 194K as modeled). Therefore, ICE computes a higher total economic impact of reliability improvements for it. And because C&I customers make up a much higher proportion of the Consumers customer base than the DTE customer base (14.3% vs. 9.6%) the computed value per average customer is higher, too.

Conclusions and Comments

The results show a significant economic value to a one-minute improvement in SAIDI in the ITC-METC service area. The numbers shown are consistent with Quanta Technology's expectations based on previous studies of a similar nature and the use of other reliability models and seem reasonable if perhaps slightly conservative.

Table 3: Results of the Analysis

Value of.01 and 1 min incremental		SAIFI=.755	SAIFI=1.1455	SAIFI=1.209
using non-storm data	30 year NPV total	$63,105,492	$76,067,198	$139,172,690
	30 year per cust	$29	$42	$35
	30 yr NPV per kW	$5.27	$8.36	$6.61
	1 year	$3,478,319	$4,192,757	$7,671,076
	1 year per cust	$1.6	$2.3	$1.90
	per yea, per kW	$0.29	$0.46	$0.36

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of the Joint Application of Entergy Arkansas, Inc., Mid South TransCo LLC, Transmission Company Arkansas, LLC and ITC Midsouth LLC for Approval of Transfer of Assets and Certificate of Convenience and Necessity, and Merger and, in connection therewith, Certain Other Related Transactions	)	File No. EO-2013-0396

EXHIBIT JEJ-10

DISASTER RECOVERY PLAN

ITC Holdings Corp.

Disaster Recovery Plan

Version 003
Effective Date 8/10/10

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Confidentiality Statement

This document contains confidential and privileged information intended for the private use of ITC Holdings Corp. and its affiliated operating companies. By accepting this document, the recipient agrees to keep its contents in confidence and not copy, disclose, or distribute it to any parties without written request to, and written confirmation from, ITC. If you are not the intended recipient, any disclosure, copying, or distribution of this document or its parts is prohibited.

Introduction

On October 16, 2001, a Presidential Executive Order was signed requiring protection against the disruption of operation of information systems that are critical to protect the people, economy, essential human and government services, and national security of the United States. The protection mechanisms implemented are to be designed to ensure that any disruptions that occur are infrequent, of minimal duration, manageable, and cause the least damage possible.

ITC*Transmission*, Michigan Electric Transmission Company, and ITC Midwest (wholly owned subsidiaries of ITC Holdings Corp., hereafter referred to as "ITC") operate, maintain, and invest in electrical transmission infrastructure to enhance system integrity and reliability, and to relieve transmission constraints. ITC is regulated by the Federal Energy Regulatory Commission (FERC) and transmits electricity from generating stations to local distribution facilities in a number of Midwestern states.

The company depends heavily on a properly functioning information network, which includes the data flow between data centers in Ann Arbor and Novi, Michigan, and in Cedar Rapids, Iowa, and their associated substation locations. Without a functioning telecommunications system, network access, and proper business data, ITC cannot meet customer needs or regulatory requirements.

Due to the critical nature of ITC's business, the loss of certain technology or facilities introduces the risk that a serious disruption of power to millions of people in its service areas could occur. This Disaster Recovery Plan (hereafter referred to as "the Plan") is designed to mitigate that risk by providing the processes and procedures needed to recover the critical business functions affected by a disaster.

Executive Summary

Document Organization

The Plan is organized into seven sections: Purpose, Scope, Definitions and Assumptions, Plan Overview, Disaster Recovery Procedures, Business Continuity Procedures, and Attachments.

The first three sections provide background information on reasons for the plan, its intended functions, and the assumptions used in formulating plan actions. These sections also describe the philosophy and approach used for Disaster Recovery Planning at ITC, as well as the Business Impact Analysis used in producing this Plan.

The Plan Overview section describes the disaster recovery organization, facilities, initiating events, implementation, necessary communications, and data continuity requirements. It also describes critical path actions, including general disaster recovery and business continuity plan actions, and the process for returning to normal business operation.

Disaster Recovery Procedures in Section 5 provide detailed plan implementation steps, disaster response actions by work group, response flowcharts, emergency facility activation details, and disaster communications guidelines.

Business Continuity Procedures in Section 6 include actions necessary to maintain business functions using alternate facilities and equipment for extended periods during restoration of damaged facilities, equipment, and systems.

Work tasks in the Disaster Recovery and Business Continuity Procedures sections include the steps required to implement these processes, including assessing the damage caused by an event, declaring a disaster, preparing the Alternate site(s), and implementing actions to recover the affected business functions. Actions described in these sections and in Attachment 1, CIP-084 Critical Asset Recovery Plan, provide the steps necessary to restore the Information Technology (IT) infrastructure, ensuring the company's ability to operate and control its Critical Assets, as well as supporting recovery of other important business processes.

The Plan attachments include Critical Asset Recovery procedures, detailed descriptions of disaster response team roles and responsibilities, emergency facilities, emergency communications, personnel assignments, supporting procedures, damage assessment, and other information to be used during disaster recovery and business continuity plan implementation. In addition, Attachment 13, ITC Midwest Disaster Recovery Addendum, incorporates response information specific to the ITC Midwest (ITCMW) organization and facilities, and is designed to be used as part of, and in conjunction with, disaster response and business continuity procedures described in the main Plan and its other attachments, as applicable to ITCMW.

Personnel Requirements

Several major groups are necessary for proper implementation of the Plan, including:

- The Emergency Management Team (EMT).
- Disaster Response Teams / Task Forces.
- Departmental Work Groups.

The EMT has the overall responsibility for implementing the Plan and managing disaster response and recovery efforts by coordinating the actions of:

- Disaster Response Teams during initial and follow-up disaster response activities.
- Departmental Work Groups during extended operation under Business Continuity Procedures.

Michigan team details can be found in Attachment 2, Disaster Management and Response Team Descriptions, and Attachment 3, Business Continuity Plan Roles and Responsibilities. ITCMW team composition information is located in Attachment 13, ITC Midwest Disaster Recovery Addendum.

Disaster Recovery Plan

1. Purpose

The purpose of the Disaster Recovery Plan is to provide a mechanism for restoration of critical, essential, necessary, and ancillary business processes to ensure continuation of services to ITC customers, protect stakeholder interests, and satisfy regulatory requirements following a disaster. It provides direction on disaster preparation and response, as well as management of safe, effective disaster recovery efforts The Plan describes restoration of the IT infrastructure supporting "critical" business processes within sixty (60) minutes, and "essential" business processes within twenty-four (24) hours. The Plan also provides guidance necessary to restore the IT infrastructure supporting

"necessary" business processes as soon as possible after the initial twenty-four (24) hours of the disaster recovery effort, and to subsequently restore "ancillary" business processes.

2. Scope

This Plan is written for the company's major infrastructures, including the Headquarters building, Operations Control Room (OCR), and data center in Novi, Michigan, the Backup Control Room (BCR) and data center facility in Ann Arbor, Michigan, the two primary ITC Midwest business facilities in Cedar Rapids and Dubuque, Iowa, and the company field locations associated with each. It provides the guidance necessary to expedite recovery of systems, applications, and other resources required to restore the critical, essential, necessary, and ancillary business processes supported in those locations (see NOTE below).

In addition, this Plan addresses recovery from a catastrophic event of natural or man-made cause which results in the partial or complete blackout of the Bulk Electric System. Since the highest priority of ITC staff during a system emergency situation is to protect the transmission system and restore service while ensuring public safety, use of the Plan in conjunction with the System Restoration Plans developed by Operations for transmission system recovery provides an additional tool for management of these events.

The Plan should be used, as necessary, for disaster management and business continuity guidance in response to short-term events, or during extended periods for which major infrastructure restoration efforts are required.

NOTE: This document primarily addresses the effects of disasters on the Novi, Michigan Headquarters facilities, and/or either of the primary business locations in Cedar Rapids and Dubuque, Iowa; however, it assumes continued availability of alternate work locations and recovery sites for disaster response and business continuity work. In the event that one or more of the alternate facilities, but not the Novi facility in Michigan or the Cedar Rapids and Dubuque facilities in Iowa, is affected by a disaster, actions must be initiated as soon as possible to either restore the affected location(s) or make alternate work site arrangements in order to regain the full disaster response capabilities described in this Plan.

3. Definitions and Assumptions

Definitions

Disaster

A "Disaster" is defined as a man-made or natural occurrence that disrupts the ability of the company to perform its critical business functions. The disruption may include the loss of personnel, information, or property. A disaster may be declared when the loss of any of these items prevents the company from operating its business and necessitates immediate corrective actions. A disaster may include a complete system blackout.

Crisis

A "Crisis" is defined as a short term disruption of service or business functionality. A crisis can include an accident, an incident of work place violence, a labor dispute, lawsuit, or an instance where the company is cited for a regulatory violation. Such situations may not initially be deemed a crisis, but do

pose a risk of increasing in intensity to the point where they may come under close media scrutiny and result in damage to the company's public image or its finances. A crisis differs from a disaster in that during a disaster, physical damage is done to property, equipment, or personnel.

Business Processes

To ensure the company's ability to satisfy the goals of this Plan, ITC commissioned the performance of a Business Impact Analysis (BIA) that identified the most important processes necessary to sustain its business. The analysis was intended to support disaster recovery planning efforts, and to build upon ITC's strategic initiative to protect its critical business processes. To prioritize disaster restoration efforts, the BIA identified the four classes of business processes defined below:

Critical Business Processes

Business processes which, if lost, could cause a major impact to the survival of the company, and potentially violate regulatory requirements. Critical business processes relate to operation of the Bulk Electric System and must be restored within sixty (60) minutes of a disaster in accordance with North American Electric Reliability Corporation (NERC) requirements. In order to meet NERC requirements, ITC maintains a redundant and automated failover system between data center locations in Novi, Michigan and Ann Arbor, Michigan.

Essential Business Processes

Business processes important to the revenue generation and profitability of the business. These processes must be restored within twenty-four (24) hours of a disaster.

Necessary Business Processes

Business processes used as part of normal operations but can wait for 24 -48 hours before they are restored following a disaster.

Ancillary Business Processes

Business processes that are important to the long-term management of the organization, but are not required for satisfying customer or regulatory requirements within forty-eight (48) hours following a disaster.

Assumptions

The Plan is based on the validity of the assumptions listed below, and a worst-case disaster situation is assumed; however, the Plan can also be activated and used effectively in less than worst-case scenarios.

Disaster

- A disaster will be declared and data processing will be restored at the recovery site when an outage is expected to exceed recovery time objectives for critical processes.
- Plan copies will be available, as needed, to the necessary personnel at the necessary locations.
- The disaster occurs at the worst possible time for business.
- All records, files, and materials at the affected location have been destroyed.

- The disaster is localized to the Novi, Ann Arbor, Cedar Rapids, Dubuque, or specific field facility geographical areas.
- One, but not both, of the Novi and Ann Arbor buildings in Michigan, or Cedar Rapids and Dubuque buildings in Iowa, may be destroyed or is otherwise inaccessible.
- The facilities, as well as the data center, have been affected by the disaster situation.
- All equipment and communication lines in and out of the affected site have been destroyed.
- For a transmission system disaster, the entire system in Michigan has been de-energized and external interconnections are not available.
- Those who initially discover the disaster will notify ITC management and the proper civil authorities such as police and fire departments.
- The initial observer, his/her supervisor, or the civil authorities will dispatch emergency medical assistance to the disaster site as required.
- The Emergency Management Team (EMT) Communications Lead will coordinate communication to media, staff, and vendors during the recovery effort.

Personnel

- The Plan is designed to be implemented by personnel who are familiar with the functions and operations of the company. Personnel from other ITC locations may be available to aid in the recovery efforts.
- At least the minimum number of personnel necessary for Plan implementation can be notified of the disaster and report to the affected site(s) and the recovery facility to perform critical damage assessment, processing, recovery, and restoration activities.
- Personnel can get to the recovery facility; transportation in the local area of the recovery facility to be used has not been affected other than delays resulting from inclement weather.
- Damage assessment deadlines are relative to the arrival time of the personnel at the scene to account for varying travel times resulting from weather, distance, and accessibility.
- Personnel participating in the recovery effort have the technical skills necessary to complete their recovery functions.
- Personnel and organizations which support ITC processes outside of Novi and Ann Arbor for Michigan events, or Cedar Rapids and Dubuque for ITCMW events have not been affected by the disaster.

Recovery

- An alternate facility for personnel to perform the recovery operations has been established in advance.
- The recovery facility has the necessary power and Uninterruptible Power Supply (UPS) capacity to support the infrastructure.
- The recovery facility has telecommunications and internet connection service established in advance.
- All recovery equipment will be properly powered and wired. The recovery facility will have the appropriate number, lengths, and types of cabling or the raw cable materials necessary to re-establish all systems, if required, to ensure continuity during disaster recovery.
- All configurations and settings for infrastructure devices are completely documented and can be duplicated at the recovery facility, or applicable field location.
- The recovery facility has pre-established connections to the ITC core Wide Area Network (WAN) accessing both Novi and Ann Arbor facilities. These connections will facilitate all communications from the recovery facility network to all other ITC networks.

- The recovery facility has the proper environmental controls for the servers to function properly.
- Off-site storage of backup media and other materials survives the disaster and the necessary information is readily available to the recovery facility.
- An adequate supply of supplies for thirty (30) days of business is stored off-site and readily available to the recovery facility.
- Recovery will be performed in accordance with approved departmental and Disaster Recovery Plan procedures.
- Entities external to the company, such as customers, vendors, government agencies, and others, will be reasonably cooperative during the recovery period.

4. Plan Overview

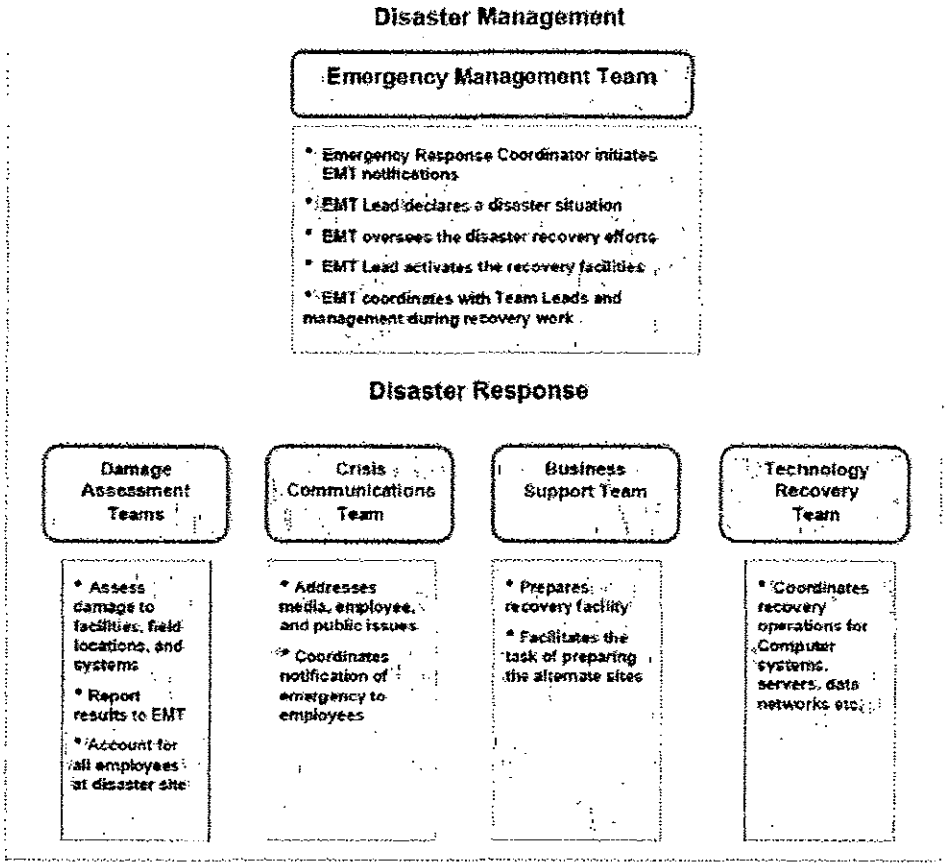
Plan Initiators

The Plan may be implemented as the result of disaster declarations due to weather-related events, physical attacks, Bulk Electric System disturbances (including those on ITC systems or on interconnected systems that affect ITC), and cyber attacks. The Plan may also be initiated anytime management feels that Plan initiating conditions may occur, or in preparation for uncertain events or conditions.

Disaster Recovery Organization

Attachment 2, Disaster Management and Response Team Descriptions, describes the teams involved in disaster response and recovery in detail. The disaster recovery organization is structured to provide the necessary management and response for any of the events addressed in the Plan. The Emergency Management Team (EMT) is responsible for managing all response and recovery efforts, and relies on four disaster response teams to implement disaster recovery strategies, while the EMT coordinates all activities. The four Disaster Response Teams are: the Damage Assessment Team (DAT), the Technology Recovery Team, the Crisis Communication Team, and the Business Support Team. The chart shown below summarizes the organization and the general responsibilities of each group involved.

Disaster Recovery Organization



See Attachment 13, ITCMW Disaster Recovery Addendum, for detailed information on ITCMW emergency management and response teams.

Disaster Notification

Initial response to emergencies or other incidents at ITC facilities will be managed using the applicable corporate or departmental procedures. As events escalate to the "disaster" level, personnel identifying potential Plan initiating events will follow the notification process in Section 5, Disaster Recovery Procedures. In general, the disaster notification process will be initiated by the person(s) or entity that first becomes aware of a Plan entry condition. The Security Command Center should be made aware of the situation. SCC will then notify the Emergency Response Coordinator (ERC) who will immediately notify the Emergency Management Team Lead and activate the Damage Assessment Team(s). The EMT Lead will direct notifications of other EMT members and will contact the CEO, and also make the determination to activate the rest of the call tree as necessary.

Disaster Declaration and Response

Following notification of a disaster by the ERC, and review of initial Damage Assessment Team results (expected within one hour of DAT arrival, and preferably within one hour of the event), the EMT Lead will make the disaster declaration, and direct implementation of the Plan. If the available information is not sufficient for Plan activation, the EMT Lead will await more detailed information from the Facilities and/or Field Damage Assessment Team(s) (DAT) to determine the impact of the disaster. If damage assessment information is then sufficient for Plan activation, the EMT Lead will make the disaster declaration and implement the Plan.

Disaster declaration and subsequent approval to initiate the Plan come from the Emergency Management Team Lead (the Chief Operating Officer) or the Emergency Response Coordinator (Vice President - Operations) if the Chief Operating Officer (COO) is not available. In the absence of both the COO and ERC, any other member of the Emergency Management Team may activate the Plan, if necessary.

When detailed information on damage to facilities, technologies, and business processes is available, the Facilities Damage Assessment Coordinator will make a recommendation to the EMT as to whether offsite recovery facilities should be activated. Based on this recommendation and the information collected by the DAT(s), the EMT Lead will make the decision for the type of disaster response.

Disaster Information Releases

The Crisis Communication Team will coordinate all disaster communications with the EMT, and is responsible for all public presentations to the news media including status updates, press releases, casualties, and injury specifics. The Crisis Communication Team is also responsible for providing notification and updates to ITC staff throughout the event via the Emergency Hotline (1-866-860-1981).

Disaster Recovery Strategies

The company's disaster recovery strategy revolves around satisfying three main principles:

- Ensuring personnel availability.
- Maintaining critical technology.
- Providing procedural guidance for recovery and business continuity actions.

The Plan's disaster recovery strategy is designed to ensure network and Internet connectivity for ITC's primary and/or backup locations within a reasonable amount of time following an event. To accomplish these goals, the Plan designates required response personnel and prioritizes the actions necessary for recovery of the systems, applications, and other resources required to restore critical, essential, necessary, and ancillary business processes at the affected locations. Services will be restored in order of importance based on Recovery Time Objectives (RTO's) using Section 5, Disaster Recovery Procedures, and maintained as described in Section 6, Business Continuity Procedures.

If a disaster results in a partial or widespread blackout of the transmission system, System Restoration Plans provide the strategies used by the Operations Control Room to recover and re-energize the affected transmission system(s).

Operations Data Strategy

Disaster Declaration and Response

Following notification of a disaster by the ERC, and review of initial Damage Assessment Team results (expected within one hour of DAT arrival, and preferably within one hour of the event), the EMT Lead will make the disaster declaration, and direct implementation of the Plan. If the available information is not sufficient for Plan activation, the EMT Lead will await more detailed information from the Facilities and/or Field Damage Assessment Team(s) (DAT) to determine the impact of the disaster. If damage assessment information is then sufficient for Plan activation, the EMT Lead will make the disaster declaration and implement the Plan.

Disaster declaration and subsequent approval to initiate the Plan come from the Emergency Management Team Lead (the Chief Operating Officer) or the Emergency Response Coordinator (Vice President - Operations) if the Chief Operating Officer (COO) is not available. In the absence of both the COO and ERC, any other member of the Emergency Management Team may activate the Plan, if necessary.

When detailed information on damage to facilities, technologies, and business processes is available, the Facilities Damage Assessment Coordinator will make a recommendation to the EMT as to whether offsite recovery facilities should be activated. Based on this recommendation and the information collected by the DAT(s), the EMT Lead will make the decision for the type of disaster response.

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The Crisis Communication Team will coordinate all disaster communications with the EMT, and is responsible for all public presentations to the news media including status updates, press releases, casualties, and injury specifics. The Crisis Communication Team is also responsible for providing notification and updates to ITC staff throughout the event via the Emergency Hotline (1-866-860-1881).

Disaster Recovery Strategies

The company's disaster recovery strategy revolves around satisfying three main principles:

- Ensuring personnel availability.
- Maintaining critical technology.
- Providing procedural guidance for recovery and business continuity actions.

The Plan's disaster recovery strategy is designed to ensure network and Internet connectivity for ITC's primary and/or backup locations within a reasonable amount of time following an event. To accomplish these goals, the Plan designates required response personnel and prioritizes the actions necessary for recovery of the systems, applications, and other resources required to restore critical, essential, necessary, and ancillary business processes at the affected locations. Services will be restored in order of importance based on Recovery Time Objectives (RTO's) using Section 5, Disaster Recovery Procedures, and maintained as described in Section 6, Business Continuity Procedures.

If a disaster results in a partial or widespread blackout of the transmission system, System Restoration Plans provide the strategies used by the Operations Control Room to recover and re-energize the affected transmission system(s).

Operations Data Strategy

- If a disaster prevents the Novi facility from performing its critical functions, Operations will temporarily relocate to the Ann Arbor location.
- If the Novi Network is unavailable, a contingency/fallback procedure is in place whereby data clustering and mirroring is backed up at the Ann Arbor Warm Site.
- As an additional precautionary measure, daily backups of critical data are sent to an Iron Mountain offsite facility in Wixom.

Operations Control Room Recovery Strategy

The Operations Control Room (OCR) is staffed on a 24/7 basis. There are several pre-established processes in place to support disaster recovery efforts, including dual Transmission Management System (TMS) systems running in Novi and in Ann Arbor to provide maximum flexibility in how the system is recovered. The Senior Transmission System Coordinator (TSC) will coordinate with the ERC in determining facility status and the need to relocate OCR operations. The Senior TSC is also authorized to independently declare an emergency and initiate recovery of Control Room operations (only) at the Ann Arbor backup facility, if necessary. Notification of EMT members will occur in accordance with this Plan in the event of any emergency declaration.

- If Operations evacuation from Novi to the Ann Arbor Backup Control Room (BCR) is required, it can begin immediately, since the Ann Arbor facility is normally unoccupied. The Ann Arbor backup location is fully equipped and ready to operate in the event that the Novi Control Room is unavailable.
- As required by NERC, the Operations Control Room must record and log real time events for continuity and auditing. If the OCR is not accessible to retrieve this real time documentation, system events covering the period of inaccessibility must be recaptured. In anticipation of this need, the Ann Arbor backup TMS monitors and records all real-time events in parallel with the primary system in Novi. This enables relocation and recommencement of operations from the BCR and availability of all OCR real-time information in less than 60 minutes from the time the OCR is evacuated.

Voice Communications Strategy

- To minimize the impact of a phone line interruption, the Novi facility has an AT&T Sonet Ring setup consisting of two independent lines coming from two different locations that connect to the Novi communications system equipment only after the lines enter the facility.
- All critical telephone numbers for the ITC Novi location can be rerouted to the Ann Arbor facility phone switch. If the damage is limited to the Novi Voice Over Internet Protocol (VOIP) system, the VOIP will be repaired or replaced.
- Cell phones may be used, if service is available, as a temporary means of communications for OCR personnel during the relocation transition to the Backup Control Room in Ann Arbor, or vice-versa. Due to the lack of recording capability, however, no system operation communications (e.g. switching, tagging, system operating directions, etc) are to be conducted via cell phones during these transition periods.
- Satellite phones, where available, may also be used as an alternate means of communications. Satellite phone conversations between field locations and the Novi OCR or Ann Arbor BCR are recorded using the installed Novi and Ann Arbor recording systems, so operational communications for switching/tagging or other system operations can be conducted without restriction. For disasters affecting ITC Midwest, satellite phones are a

primary means of communication at field locations and throughout the ITCMW system when normal phone service and/or cell phone service are unavailable and are provided at all critical stations and facilities.

- If the Novi VOIP is unavailable, OCR personnel will utilize analog communications through the hard-wired (analog) power failure phones provided in the OCR. In the event that the primary VOIP and analog voice communication strategy are both unavailable, the Last Resort Voice Communications Strategy below will be used.

Last Resort Voice Communications Strategy (Michigan Only)

Under emergency conditions only, if neither VOIP nor analog phone systems are available, Michigan Public Service Communications System (MPSCS) radios may be used to communicate with local distribution companies, field operators and other key stakeholders. MPSCS radios can only communicate with other MPSCS radio locations, but might also be used as a relay for notification of disaster to state authorities or emergency services requests (ambulance, fire, etc.).

- The MPSCS is managed and operated by the Michigan State Police. There are numerous units throughout Michigan at key locations/substations. In addition, many members of management have a handheld radio, and many ITC vehicles are equipped with a unit. See Attachment 11 for a list of MPSCS phone locations and holders.
- MPSCS units are also installed in the Consumers Energy and Detroit Edison control rooms with limited talk groups. This functionality provides one common talk group to be used between utilities.

As an additional means of radio communication between the Consumers Energy and Detroit Edison control rooms and ITC, each of those companies has provided their own radio system equipment for use by ITC Operations personnel in both the Novi OCR and the Ann Arbor BCR.

LAN and Desktop Strategy

- Following a disaster declaration affecting the Novi facility, the LAN supporting the business units will be activated at the Ann Arbor facility. The appropriate client applications can then be opened to allow resumption of operations. All supporting peripheral devices such as network printers will be available on the LAN.
  - For events affecting the ITCMW facility in Cedar Rapids, network equipment will be set up in Dubuque to restore LAN and application functionality.
  - Events affecting Dubuque do not require any network changes, since the ITCMW network servers are located in Cedar Rapids.
- Relocating business unit teams to alternate locations will be performed as shown in Attachment 4, Emergency and Recovery Facilities, and Attachment 7, Alternate Work Site Plan. Similar information is provided for ITCMW in Attachment 13, ITCMW Disaster Recovery Addendum.
- Copies of all client software, licenses, and configurations as saved per the Back Up and Restoration Plan will be used for the restoration purposes.

Business Continuity Strategy

During any extended event affecting significant portions of the company's infrastructure, ITC must be able to maintain operation of its critical business functions. Section 6, Business

Continuity Procedures, and Attachment 13, ITCMW Disaster Recovery Addendum, describe how the critical business functions within the company will resume operation at alternate locations once networks and systems have been recovered. Business Continuity Procedures outline the staffing requirements, skill sets, backup resources, work space, and tools needed to expedite the transition to new work sites during restoration of damaged infrastructure.

Return to Normal Business Operation

The Disaster Recovery Procedures and Business Continuity Procedures will be used to maintain corporate business functions in operation to the greatest extent possible. As infrastructure restoration occurs following a disaster, a planned and controlled change in department and corporate operations will be used to return the company to its normal business functions and facilities as soon as possible.

Critical Path Objectives

The Business Impact Analysis identified the company's business processes and prioritized them by how quickly those processes must be restored. This timeframe is called the Recovery Time Objective (RTO) and represents the amount of time the company can tolerate an outage of a business process. The Expected Recovery Point (ERP) is the point at which data recovery is expected as defined by the ITC business process leads.

RECOVERY TIME OBJECTIVE (RTO)	
CRITICAL (<60 MINUTES)	
ESSENTIAL (< 24 HRS)	
NECESSARY (24-48 HRS)	
ANCILLARY (>48 HRS)	

The following table represents the RTO & ERP as requested by business process leads, in priority order, for the critical business processes covered in the business impact analysis. Recovery time objectives (RTO's) are expressed in business hours or days and Expected Recovery Points are expressed in hours.

Priority	Business Unit	Critical Business Process	RTO (hours/days)	ERP (hours)
1	Operations	Real Time Operating		<24
2	Operations	Real Time Monitoring		<24
3	IT & Facilities	Physical Security	24 hrs	<24
4	Operations	Day Ahead Operational Planning	24 hrs	24
5	Engineering	Operational Support (Relay)	24 hrs	48
6	Engineering	Engineering Maintenance (Field Support)	24 hrs	48
7	Engineering	General Design		24
8	Engineering	Project Engineering		48
9	IT & Facilities	Data Exchange and Reporting	5 days	>48
10	Accounting	Accounts Payable	5 days	>48
11	Human Resources	Human Resources	5 days	24
12	Accounting	Property Taxes	5 days	24
13	Accounting	Payroll	5 days	>48
14	Legal	Legal	5 days	>48
15	Accounting	Financial Statements	10 days	>48
16	Operations	Network Modeling	10 days	>48
17	Engineering	Engineering Design (Relay)	10 days	24
18	Engineering	Supply Chain, Inventory & Procurement	15-20 days	>48
19	Accounting	Accounts Receivable, General Ledger	15-20 days	>48
20	Business Strategy	Community Relations	15-20 days	>48
21	Operations	Long Term Studies	15-20 days	>48
22	Finance	Treasury	15-20 days	>48

5. Disaster Recovery Procedures

Operations Team

Since the Operations Control Room (OCR) is staffed on a 24/7 basis, it is highly probable that control room personnel will be the first to respond to most of the disaster/crisis event categories described below. Operations responses will initially be based on procedurally-required actions for any of these events if action is initiated by the OCR, and will be based on management directives for event responses not initiated by the OCR.

General Operations Team Actions – All Event Categories:

The OCR will immediately notify the Emergency Response Coordinator (ERC) of an event. Notification will include:

- Event description, including impact on system operation, expected changes, and immediate support required.
- OCR evacuation procedure status, if applicable.
- External notifications completed, and procedural actions taken.

If the OCR was not involved in initial event response and Plan implementation, OCR personnel will perform external notifications and damage assessment as directed by the ERC, and stand by for additional direction following Plan implementation.

During emergency conditions affecting transmission system reliability, including activation of this Plan, the Emergency Response Coordinator may direct suspension of the Federal Energy Regulatory Commission Standards of Conduct to ensure all necessary steps can be taken to prevent damage to system facilities/equipment, and to ensure continues system operation. Refer to procedure CMN-005, Standards of Conduct Violations, for details on the process and notifications required to implement a waiver to the Standards of Conduct.

On activation of the Plan, the Operations Lead will assemble with the EMT, and will determine the availability of additional personnel for performance of extended assessment, control, and recovery work.

Operations Control Room personnel will be directed to:

- Perform damage assessment as directed by the ERC/EMT, including evaluation of normal and backup computer systems necessary for system monitoring and control.
- Coordinate with the ULC Field Operations Lead and ITC Project and Design Engineering Field Damage Assessment representatives to assess system damage and determine necessary corrective actions.
- Provide event updates, including OCR evacuation status, as required.
- Verify and report updates to computer control and monitoring system availability.
- Update Operations Lead personnel of procedural actions taken, in progress, or anticipated.

Operations Engineering personnel will:

- Assist OCR personnel with damage assessment, as required.
- Provide engineering analyses of system events, outage impacts, and forecasted recovery actions.
- Coordinate with interconnected system and/or MISO engineering personnel as necessary to facilitate system restoration.

Since Operations Control Room personnel will remain focused on transmission system operations work throughout any type of disaster, they are not considered to be a part of the Damage Assessment Team. OCR personnel will, however, coordinate with Damage Assessment Team members and the Emergency Response Coordinator to ensure that the effects of a disaster on system operations and facilities are identified as soon as possible.

Field Operations and Restoration Team

Activation of the Field Operations and Restoration (FOR) Team

The Emergency Response Coordinator (ERC), OCR Senior TSC, ULC Senior Management or affected area ULC General Foreman can activate the Field Operations and Restoration Team. The initiating call to activate the FOR will go to Lee Ellis, Rod LeBeau (for ITCT or METC) or Wayne Kenniker (for ITC MW), in that order. ULC Management will determine the Field Operations and Restoration Team Lead. The FOR Team Lead will lead the conference call.

FOR Team Lead will determine extent of damage in affected area to evaluate:

- Need for a large scope conference call
- Resource requirements
- Operations / Restoration priority
- Public Relations/Community Relations needs

Conference Call Initiation Process:

FOR Team Lead will notify parties by use of following pre-established E-Mail distribution lists and by text message or phone as appropriate:

- "Michigan Emergency Contacts" for ITC*Transmission* or METC events
- "Midwest Emergency Contacts" for ITC Midwest events

In addition, each contact is responsible to notify his or her appropriate parties depending on the scope, extent of damage and areas affected.

Conference Call Agenda Items:

- Roll call by FOR Team Lead to identify those with direct participation in the call
  - Other participants need not be identified and are not expected or anticipated to participate unless they have something immediate to contribute
- Equipment / Lines affected and extent of damage
- Weather forecast / safety concerns or issues
- Restoration priority from Operations
  - Estimated Restoration Times
- Resources needed for restoration
- Material needs and location
  - Additional Vehicle / Equipment / Fuel needs
  - Hotel / Food arrangements if needed
- Community Relations / Media Relations / Stakeholder Relations involvement

FOR Team Lead will initiate the Plan, Begin Mobilization of Resources, Equipment and Schedule Subsequent Conference Calls.

Initiating Events

Initiating event categories include three general scenarios which may occur individually, or in any combination:

- Facilities or equipment have been damaged
- Facilities and equipment have been destroyed

- Personnel are unavailable for immediate disaster response

Potential response actions are dependent on the type of scenario involved and may vary widely, but should be initiated as expeditiously as possible to provide for prompt restoration of the facilities, equipment, and other assets affected by any of these events.

Weather-Related Events

Examples of weather-related events that may require activation of the Disaster Recovery Plan include:

- Ice storms
- Tornadoes
- Blizzards
- Thunderstorms
- Flooding

Weather-related events will, in general, necessitate minimal travel by backup personnel, management, and disaster response teams until conditions allow. The potential inability of responders to perform their assigned duties until weather permits safe transit should be considered when directing recovery work to ensure personnel safety during implementation of the Plan.

Physical Attacks

Examples of physical attacks that may require Disaster Recovery Plan activation include:

- Terrorism
- Sabotage
- Bomb Threats
- Direct physical attacks

It is essential to immediately involve ITC Security personnel in response to these events, and to request additional assistance, if required, from local law enforcement agencies as soon as possible.

Cyber Attacks

Cyber attacks that may require activation of the Disaster Recovery Plan include:

- Action to disable equipment necessary to monitoring and control of critical Bulk Electric System components.
- Attacks designed to disable the Operations Control Room (OCR), Backup Control Room (BCR), or systems/equipment critical to system restoration plans.
- Intrusion into, or takeover of, corporate computer systems performing system control or reliability-based data exchange.

Actions to control and recover from attacks on, or damage to, Critical Cyber Assets should be implemented in accordance with Attachment 1, CIP-084 Critical Cyber Asset Recovery Plan.

Disturbances on ITC System(s)

Disturbances resulting in partial or complete blackouts on any ITC system will be managed in accordance with Transmission System Emergency procedures and System Restoration Plans.

Disturbances on Interconnected Systems Affecting ITC

Interconnected System Disasters may include:

- System disturbances, including blackouts, on adjacent transmission systems that affect ITC.
- Physical or cyber attacks on interconnected systems that result in loss of control of interface components, telecommunications, or data exchange systems necessary for system reliability.
- Loss of critical equipment control that could affect ITC systems by an interconnected system entity.

Disturbances on interconnected systems that affect the ITC system operation will be managed in accordance with Transmission System Emergency procedures, and supported in accordance with Interconnection Agreements with the affected external system(s).

Management Directives

The Plan may be activated anytime at management discretion whether or not any of the above entry conditions have been satisfied. Examples of discretionary initiators include:

- Anticipation of possible initiating events.
- Desire to implement the Plan for managing specific business function failures or damage.
- Precautionary implementation of Plan procedures as a conservative action during events that are not expected to meet Plan entry criteria.

Disaster Notifications

If an outsider is the first person to find out about a disaster involving Novi facility and assuming the outsider notifies Novi police, Novi police that has the number to ITC Security Command Center will make the call to the Security Command Center. In the event that the Security command Center is unresponsive Novi police has Facilities Director, Joe Bennett's number to call.

Notifications to the EMT and the response team and other personnel will be facilitated through use of a basic "call tree" as indicated below

- Initiator will contact the Security Command Center (SCC) and notify them of the disaster.
- SCC will immediately contact the Emergency Response Coordinator (ERC).
- The Emergency Response Coordinator will promptly notify the Emergency Management Team (EMT) Lead.
- The Emergency Response Coordinator and EMT Lead will determine the method and timing for notifying additional members of the EMT.
- The EMT Lead will determine the appropriate time to communicate to the CEO.
- EMT members, or their administrative assistants, will contact their respective Team Leads / Department leads / Managers / Supervisors.

- Team Leads / Department leads / Managers / Supervisors will notify their respective team members
- The Crisis Communication Team will update the emergency hot line information and coordinate with the EMT to provide media, customer, government, regulatory, and vendor notifications, as well as providing instructions for employees who are not part of the disaster recovery effort.

The following table lists a basic call tree structure and must be used to the extent necessary:

Role	Primary Caller	Makes Calls to:	Back Up Caller
Disaster Information Receiver	Anyone	Security Command Center – (248) 380-2920	Anyone
Call Tree Initiator	Security Command Center	Novi Security (Bob Blickensdorf, Joe Bennett or Gregg Brandemihl	
	Novi Security (Bob Blickensdorf, Joe Bennett or Gregg Brandemihl	Elizabeth Howell, ERC	
Emergency Response Coordinator (ERC)	Elizabeth Howell	Jon Jipping, EMT Lead Erika Robinson, Administrative Assistant to Elizabeth Howell	Novi Security (Bob Blickensdorf, Joe Bennett or Gregg Brandemihl
EMT Lead	Jon Jipping	Joe Welch, CEO Administrative Assistant to CEO, Catherine Day Maria Beal, Administrative Assistant to Jon Jipping	Elizabeth Howell
Administrative Assistant to CEO	Catherine Day	Per instructions from EMT Lead/ERC call – - All of CEO's direct reports that are not on the EMT - All Executive Assistants that haven't been notified already including ULC representative Brenda Valdo	Maria Beal
Administrative Assistant to Jon Jipping	Maria Beal	All EMT Members per instructions from the EMT Lead/ERC	Erika Robinson
Administrative Assistant to Jon Jipping	Maria Beal	All of Jon Jipping's direct reports	Jon Jipping
Administrative Assistant to Elizabeth Howell	Erika Robinson	All of Elizabeth Howell 's direct reports	Elizabeth Howell
Administrative Assistant to Linda Blair	Sandra Bigger	All of Linda Blair 's direct reports except for Denis DesRosiers	Linda Blair
Administrative Assistant to Denis DesRosiers	Diane Coskey	All of Denis DesRosiers' direct reports	Denis DesRosiers
Administrative Assistant to Gregory Ioanidis	Wanda Casseli	All of Gregory Ioanidis' direct reports	Gregory Ioanidis
Administrative Assistant to Tom Vitez	Virginia Roberts	All of Tom Vitez's direct reports	Tom Vitez
Administrative Assistant to Cameron Bready	Carol Ward	All of Cameron Bready's direct reports	Cameron Bready

Administrative Assistant to Daniel Ogorsky	Denise Juras	All of Daniel Ogorsky's direct reports except for Christine Mason Soneral's direct reports	Daniel Ogorsky
Administrative Assistant to Christine Mason-Soneral	Linda Sweeney	All of Christine Mason-Soneral's direct reports	Christine Mason-Soneral
Administrative Assistant to Edward Rahill	Dorothy Golob	All of Edward Rahill's direct reports	Edward Rahill
Administrative Assistant to Lee Ellis	Brenda Yaldo	All Of Lee Ellis' Direct reports and whoever else from ULC that needs to be notified first	Lee Ellis

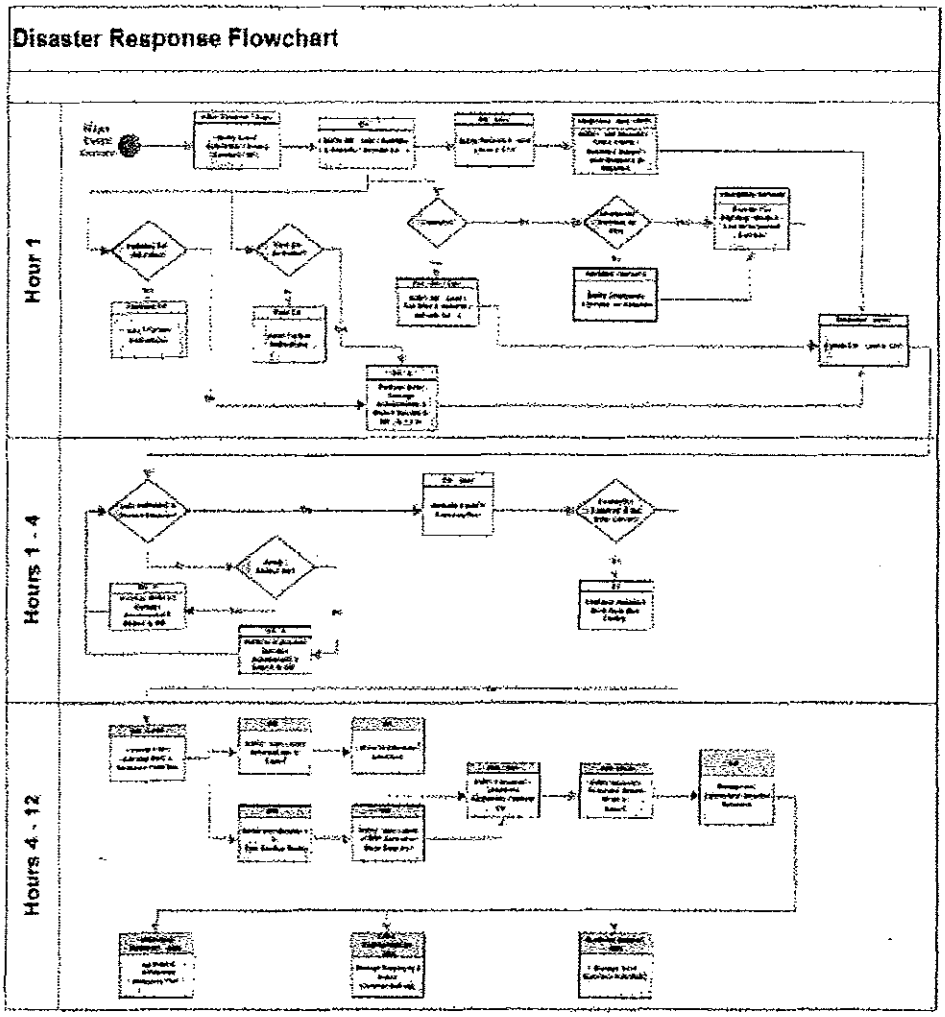
Refer to the ITC Organizational Chart on the DR shared drive for more information on organizational structure and for clarity on who calls who.

Updated personnel contact listings are maintained on the ITC network on the restricted access Disaster Recovery Shared drive for use in this Plan. The file is called Employee Information Spreadsheet MMDDYY.xls and is password-protected using the Disaster Recovery document password to restrict access.

Disaster notification and call tree detail for ITC Midwest is provided in Attachment 13, ITCMW Disaster Response Addendum.

Disaster Response

Response to the various initiating events will vary greatly depending on the physical areas affected, extent of damage, and effects on personnel. In all cases, response must ensure personnel safety and provide prompt action to restore important business processes as indicated in the flowchart below.



Required Actions

Required actions encompass the general responses indicated in the Response Flowcharts, as well as detailed procedural responses to the various initiating events described above, and should consider the following:

Weather-related events

Overall response to any of these events must consider:

- Implementation of actions required by Transmission System Emergency procedures, including coordination with interconnected systems and MISO as necessary to stabilize ITC system operation.
- Notification of the Emergency Response Coordinator and implementation of damage assessment actions, as required.
- Notification of the EMT Operations Lead to provide remote support as necessary until travel conditions allow reporting to the OCR, BCR, or an alternate location, if required.
- Evacuation of the OCR and relocation to the BCR if travel conditions allow; if not, notify operating personnel close to the BCR to report to the Ann Arbor facility and take over system operations as soon as possible.
- Relocation to a nearby facility and continuation of operations using laptop computers if travel to Ann Arbor is not possible. If neither control room is functional, request monitoring assistance, if possible, from Consumers Energy and Detroit Edison until ITC systems have been restored or until an alternate facility is available. Assistance may be requested from Alliant West for ITCMW disasters.
- Implementation of all available alternate communications methods if communications systems are affected, power failure phones, backup radios, satellite phones, and as a last resort, Michigan Public Service Communications System (MPSCS) radios.
- Notification of the Utility Lines Construction (ULC) on-call dispatcher to obtain estimates of personnel availability for field operations, if/when travel is possible.

If travel is not possible to enable support and management personnel to report to Novi, Ann Arbor, or an alternate location, the Senior TSC will act as the on-site disaster coordinator and will:

- Maintain communications with the ERC or an EMT member, as available, and direct the implementation of any actions deemed necessary until an EMT member is able to report for duty and implement the DRP.
- Document all damage assessment work and maintain a written log of all actions and damage assessment information for use by the EMT on arrival.
- Notify the ULC on-call dispatcher and request field assistance as necessary.

Physical attacks

In the event of a physical attack affecting transmission system control or data center facilities, perform the following actions, as required:

- Implement all applicable emergency procedures to ensure security and stability of the transmission system.
- Verify that Security is aware of the attack and is implementing necessary corrective actions per Security procedures.
- Notify the ERC and initiate damage assessment actions as directed.
- Relocate to Ann Arbor, if necessary. If neither control room is functional, request monitoring assistance, if possible, from MISO, Consumers Energy, and Detroit Edison until ITC systems have been restored or until an alternate facility is available.
  - Assistance may be requested from Alliant West for ITCMW disasters.
- Notify all interconnected entities and MISO.
- Notify the ULC on-call dispatcher and request field assistance as necessary.

Cyber attacks

If transmission system and/or control area operations are the target(s) of cyber attacks, the effects on operations may include inability to perform system monitoring and control functions, as well as inability to communicate those problems. To the extent possible:

- Implement all applicable emergency procedures to ensure security and stability of the transmission system.
- Notify all interconnected systems and MISO of the event and request remote monitoring of ITC systems, if possible.
- Verify that Security is aware of the attack and is implementing necessary corrective actions per Security procedures.
- Notify the ERC and implement control actions as directed.
- Initiate damage assessment actions to determine the effects of the attack on transmission system and control area monitoring and control systems, ITC network operation, building security systems, and external interconnected system networks.
- Relocate to Ann Arbor if Novi systems are affected and the BCR remains available, as directed by the Senior TSC. If neither control room is functional, request monitoring assistance, if possible, from MISO, Consumers Energy, and Detroit Edison until ITC systems have been restored or until an alternate facility is available. Assistance may be requested from AlliantWest for ITCMW disasters.
- Notify the ULC on-call dispatcher and request field assistance as required.

Actions to control and recover from attacks on, or damage to, Critical Assets should be implemented in accordance with Attachment 1, CIP-084 Critical Asset Recovery Plan, in addition to the general actions shown above.

Bulk Electric System Disturbances

Disturbances on the Bulk Electric System, whether on an ITC system or an interconnected system affecting ITC, should be managed in accordance with the appropriate emergency operating procedures.

In general, the following actions may be required:

- Declaration of an "Emergency Black Light" condition by the Transmission System Coordinator (TSC).
- Notification of the Emergency Response Coordinator and potential activation of the Emergency Management Team, Emergency Operations Center, and all necessary DRP teams.
- Assessment of system damage as directed by the ERC or EMT.
- Relocation to the Ann Arbor BCR if the Senior TSC determines it to be necessary. If so, Operations Control Room evacuation procedures and backup control procedures will be initiated.
- Notifications of the "Emergency Black Light" condition to interconnected entities and MISO, along with requests for assistance, if deemed necessary by the Senior TSC.
- Notification of ULC on-call dispatch to send operators to designated Black Light Stations.
- Implementation of System Restoration Plan(s).
- Implementation of Disaster Recovery Plan actions based on damage assessments.

For interconnected system events, ITC actions will normally be those required to prepare for system damage that may result from the interconnected system problems and to provide any necessary support to the affected parties once the ITC system(s) operations are re-stabilized.

Plan Implementation

Emergency Management Team

The Emergency Management Team (EMT), led by the Chief Operating Officer, is responsible for declaring a disaster and managing the response and recovery effort throughout all phases of the disaster. The EMT is comprised of management staff, including the Emergency Response Coordinator, and functional lead representatives for: IT and Facilities, Operations, Engineering, Asset Management, Communications/HR, Financial, Legal, and Field Operations. A dedicated Administrative Support Task Force is also assigned to the team.

The EMT is responsible for activation of both the Emergency Operations Center and the Recovery Facility locations. The EMT also provides support and direction to all other Recovery Response Teams, and decides which personnel to activate based on the geographic location of the affected facility. Attachment 6, Work by Critical Path, should be used as a supplementary guide to disaster response by the EMT.

In tandem with the on-going efforts to recover business functions, the EMT is also responsible for maintaining Control Room Operations and managing all immediate support issues.

Detailed information on individual EMT member roles and responsibilities is provided in Attachment 2, Disaster Management and Response Team Descriptions. In general, members of the Emergency Management Team are responsible for implementing the following actions to the extent required to manage the event:

- Declare a disaster and activate applicable portions of the Disaster Recovery Plan.
- Assemble Emergency Management Team leaders and teams.
- Activate the Emergency Operations Center and notify the Recovery Facility Preparations Task Force of the intent to occupy the alternate work site(s).
- Provide guidance and oversight of any or all actions necessary to ensure fast restoration and recovery from a disaster.

Disaster Response Teams

The Disaster Response Teams perform the actions of restoring or recreating services during the recovery process. These teams execute the Plan and instructions provided by the Emergency Management Team. The four Disaster Response Teams are: Damage Assessment Team, Technology Recovery Team, Crisis Communication Team, and the Business Support Team.

Detailed information on individual Disaster Response Team member roles and responsibilities is provided in Attachment 2, Disaster Management and Response Team Descriptions, and Attachment 13, ITCMW Disaster Response Addendum, for ITC Midwest.

Damage Assessment Team

The Damage Assessment Team (DAT) consists of two separate sub-teams: the Facilities DAT and the Field DAT. The Facilities Damage Assessment Team (DAT) evaluates the level of damage to the ITC facilities in Novi or Ann Arbor in the aftermath of the disaster. The Field Damage Assessment Team, if activated, evaluates the level of damage to the transmission system infrastructure, and will focus on the assessment of damage to towers, lines, and field locations. Initial field assessments will most likely be initiated by Operations Control Room personnel as part of system emergency procedures.

The Damage Assessment Teams are comprised of a Facilities Damage Assessment Coordinator, Field Damage Assessment Coordinator, and personnel representing Technology, Facilities, Physical Security, Human Resources, Field Damage Assessment, and Safety.

Actions to assess damage to Critical Cyber Assets by both DAT's should be implemented in accordance with Attachment 1, CIP-084 Critical Asset Recovery Plan, Form F1, in addition to other damage assessment actions indicated below.

Facilities Damage Assessment Team actions include the following:

- Reporting initial findings on the extent of facilities damage to the EMT within the first hour following a disaster.
- Providing the Facilities Damage Assessment Coordinator with information necessary to complete the Damage Assessment Checklists for subsequent submittal to the EMT for review and evaluation within four hours of a disaster declaration.
- Providing additional damage assessment information to the Facilities Damage Assessment Coordinator for subsequent use in providing the EMT with recommendations for offsite recovery facility activation.
- Continuing assessment actions until a complete estimate is available of which facilities, systems, and equipment are salvageable and which are irreparable to allow a complete damage evaluation and formulation of necessary actions by the EMT.
- Coordinating with the EMT to provide information for media releases and other communications based on damage evaluations.
- Providing staff contact information to the EMT to aid in timely disaster response.
- Ensuring personnel safety during all damage assessment activities and providing status information to the EMT.
- Maintaining physical security of facilities, equipment, and systems to the maximum extent possible.

The Field Damage Assessment Team is comprised of the Field Damage Assessment Coordinator, Field Damage Assessment Representatives, and personnel representing ULC, Engineering Maintenance, Project Engineering, and Relay Engineering, as needed.

Field Damage Assessment Team actions include the following:

- Reporting initial findings on the extent of field location damage to the Field DAC for submittal to the EMT within the first hour after arriving at a damaged site following a disaster.
- Providing the Field Operations Lead on the EMT with information necessary to complete the detailed Damage Assessment Checklists for subsequent submittal to the EMT Lead for review and evaluation within four hours of a disaster declaration.
- Continuing assessment actions until a complete estimate is available of which field locations, associated facilities, systems, and equipment are salvageable, and which are irreparable to allow a complete damage evaluation and formulation of necessary actions by the EMT.

- Coordinating with the EMT to provide information for media releases and other communications based on damage evaluations.
- Providing ITC and ULC field staff contact information to the EMT to aid in timely disaster response.
- Ensuring personnel safety during all damage assessment activities and providing status information to the EMT.
- Maintaining physical security of ITC field locations, equipment, and systems to the maximum extent possible.

Technology Recovery Team

The Technology Recovery Team, led by the VP – IT and Facilities & Chief Information Officer (CIO), coordinates the recovery and support operations for the servers, personal computers, laptops, and data communications equipment. This team is comprised of four functional areas with corresponding leads: Corporate Network and Data Center Lead, TMS Lead, Financial/PeopleSoft Lead, and Field Technology Lead / Engineers.

The Technology Recovery Team actions include the following:

- Obtaining backup data from off-site storage, delivering it to the restoration site, and performing data restoration, if necessary, using the "Tape Backup and Restoration Process" on the DR shared drive.
- Obtaining the necessary hardware, software, and network equipment necessary to restore the critical servers and the network architecture.
- Restoration and testing of Transmission Management System equipment and applications.
- Restoration and testing of financial systems and applications.
- Ensuring that physical security systems are in place and functional at alternate data center and business office locations.
- Ensuring that IT-related systems in data center locations and field locations are functional.
- Notifying the EMT when recovery facilities are ready for employee use.

Actions to control and recover from attacks on, or damage to, Critical Cyber Assets should be implemented in accordance with Attachment 1, CIP-004 Critical Asset Recovery Plan in addition to the general technology recovery actions shown above.

Crisis Communication Team

The Crisis Communication Team, led by the Chief Business Officer (CBO), is responsible for maintaining relations with the outside world when a disaster arises by handling communications with news media, customers, partners, government officials, and employees. In addition, this team provides instructions for all personnel who are not a part of the disaster recovery effort. The team is comprised of three functional areas: Internal and External Communications, Legal, and Administrative Support.

Crisis Communication Team actions include the following:

- Prepare public, corporate statements regarding the disaster and the company actions taken.
- Coordinate with other internal teams regarding appropriate messages for customers, partners, and vendors.
- Communicate with state and local governments to support ITC disaster recovery efforts.
- Communicate with federal regulators and elected officials.

- Conduct media interviews, briefings, and phone inquiries.
- Monitor media coverage and public response to crisis.
- Maintain employee communications and provide direction as requested by the EMT.
- Continually update the employee Emergency Hotline.
- Provide legal advice pertaining to contracts, insurance, property, and real estate, etc. during recovery operations.
- Perform legal reviews of all planned internal and external communications.
- Assist in the notification and monitoring of regulatory reporting requirements during and following a disaster event.

Business Support Team

The Business Support Team is divided into three (3) separate task forces: the Recovery Facility Preparation Task Force, the Financial Support Task Force, and the Logistics Task Force. The team is responsible for ensuring that the recovery facility is ready for use. The Business Support Team Task Force actions include the following:

Recovery Facility Preparation Task Force

- Prepare for and coordinate occupation of the recovery facility, including providing utilities, furniture, telecommunications, equipment, and phone service, as required.
- Notify Crisis Communication Team and EMT that the recovery facility is ready for employees.
- Establish phone service as needed by other recovery teams.
- Coordinate site security with the physical security group.
- Notify the Technology Recovery Team when the recovery facility is ready for restoration of the data center.

Financial Support Task Force

- Provide any funds required to directly assist in the recovery effort.

Logistics Task Force

- Obtain any needed materials, equipment, or services as requested by the EMT and/or other task forces in preparation for Recovery Facility activation.
- Transport the Recovery Facility Preparation Task Force and any necessary equipment or items to the recovery facility.
- Order and deliver office supplies to the Recovery Facilities based on departmental requirements.
- Restore company internal mail and postal services at all Recovery Facilities.

Activation of the Emergency Operations Center

The responsibility for establishing an Emergency Operations Center (EOC) falls to the Emergency Management Team (EMT) Lead or, in the absence of the EMT Lead, the Emergency Response Coordinator. If both the COO and ERC are absent, any member of the EMT can activate the EOC. The location of the EOC is fluid, meaning that depending on the affected areas; the EOC may be located on the Novi campus, or the Ann Arbor location. Attachment 4, Emergency and Recovery

Facilities, describes the EOC locations. ITCMW EOC locations are described in Attachment 13, ITCMW Disaster Recovery Addendum.

Activation of a Designated Recovery Facility

The responsibility for directing activation of the designated recovery facility falls on the EMT Lead or, in the absence of the EMT Lead, the ERC. If both are absent, any other member of the EMT may activate the recovery facility. Damage to ITC field facilities, structures, and systems that leaves the Novi Headquarters and/or Ann Arbor facility intact will be managed from those locations, as appropriate.

Assuming the total destruction or inoperability of the Novi Headquarters or Ann Arbor facility in Michigan, and/or the Cedar Rapids or Dubuque facility in Iowa:

- Within four hours of the disaster, the EMT Lead, or an alternate, determines the prognosis for recovery of the damaged system(s) or area(s) at the affected location through consultation with the Damage Assessment Teams.
- If facility damage at the Novi Headquarters, Cedar Rapids, or Dubuque facility is estimated to take longer than 24 hours to repair or allow resumption of business operations, the EMT notifies the Recovery Facility Prep Task Force of management's intention to utilize alternate work sites. Attachment 4, Emergency and Recovery Facilities, contains more information about the pre-arranged recovery facilities in Michigan and Attachment 13, ITCMW Disaster Recovery Addendum contains Iowa facility information.

For less than worst-case disaster scenarios where relocation to the recovery facility may not be necessary, if damage is estimated to take less than 24 hours to recover, the EMT Lead may elect not to use some or all of the designated alternate work sites depending on the expected impact to ITC's business, and the event's effect on Critical Physical and/or Cyber Assets.

6. Business Continuity Procedures

This section of the Disaster Recovery Plan describes how critical business functions will resume functioning at alternate locations once company networks, information, and communication systems have been recovered.

Any information regarding contracts between ITC work groups and external entities, made to ensure business continuity in support of this Plan, must be maintained and available for reference in the restricted access Disaster Recovery shared drive on the ITC network. Each department Lead is responsible for ensuring that information regarding their vendors and any subsequent updates are provided to the Legal Department for incorporation in this document.

Alternate Work Site Plan

Since neither of the Michigan recovery facilities in Ann Arbor and Belleville can support a complete complement of personnel, an Alternate Work Site Plan (Attachment 7), has been established to provide detailed listings of alternate work locations and personnel assigned to each during an extended disaster recovery process. ITCMW recovery facilities and the associated Alternate Work Site Plan are described in Attachment 13, ITCMW Disaster Recovery Addendum.

To ensure a smooth transition from disaster recovery work to business continuity procedures, all work group Leads are responsible for pre-arranging facility access to alternate work locations, as applicable, for their staff members.

Departmental Procedures

During a disaster recovery effort, implementation of Business Continuity Procedures may be required to maintain business functions to the maximum extent possible and allow resumption of day-to-day operations. These procedures describe the actions necessary to support disaster recovery by functional group and provide a high-level process to help resume department functions once company systems, networks, and communications have been restored. Detailed descriptions of the work groups shown below, including strategies, resource plans, alternate work site needs, and other amplifying information are provided in Attachment 3, Business Continuity Plan Roles and Responsibilities. For ITC Midwest information, see Attachment 13, ITCMW Disaster Recovery Addendum. These procedures provide a working structure for the necessary activities until departments have returned to normal operation in a permanent facility with the full complement of staff.

All Departments

During Recovery:

During initial recovery efforts, the roles of all departments will be to:

- Coordinate with their EMT representatives/department heads, the EMT Lead, and the Emergency Response Coordinator to assist with disaster recovery efforts as described in Section 5, Disaster Recovery Procedures.
- All Managers/Supervisors with direct reports to contact their direct reports (both employees and contractors) to notify them of the disaster.
- Notify staff members when systems and networks are back in service, and when/where to report to work per the Alternate Work Site Plan.
- Contact critical vendors and/or contractors for assistance as described in current support contracts, if any.

Following Network and System Restoration:

Day 1

The first day after network and system restoration, the roles of each work group will include actions necessary to reestablish functionality and return to normal business to the maximum extent possible. To aid in that effort, each work group Lead will arrange a planning meeting with all, or a core team, of the group staff to:

- Ensure that all work group resources know what to do, how to communicate with each other, where to meet (if not co located), and how to coordinate tasks.
- Identify and prioritize current needs, other work in progress, and outstanding issues prior to the disaster to formulate an action plan for the group.
- Organize work, make assignments, establish schedules, and communicate that information to the work group staff.

- Notify other work groups how to communicate with the staff during the Business Continuity Plan transition.
- Implement contingencies if key staff is unavailable, or as work requires, including reassigning staff, providing access privileges to allow performance of key tasks, and so forth.

Business Strategy

Following network & system restoration: Days 2+

The Lead and Core Team will:

- Notify other Business Strategy staff when they should return to work and provide guidance on their priorities and activities, if not already done.
- Facilitate briefings and communications between members of the group.
- Determine whether a work-around process is required as the company resumes normal operation

Corporate and Financial Accounting

During recovery efforts:

In addition to the actions noted under "All Departments" above, the Controller, in conjunction with Treasurer, will approve cash transfers/payments during recovery efforts.

Following network & system restoration: Days 2+

The Controller will:

- Oversee Corporate and Financial Accounting activities.
- Arrange for Accounting Department briefings and communications internally and externally, as appropriate.
- Direct notification of Corporate and Financial Accounting staff, internal ITC customers, and outside auditors regarding new phone/fax numbers when the Belleville offices are ready for use.
- Oversee resumption of staff activities.
- Determine whether a work-around process is required to process payments (outside of the disaster recovery process) as the company resumes normal operation.

To the extent necessary, accounting staff will manually record purchases, approvals, and tracking/payment of invoices.

Once Human Resources system inputs to the payroll processing system are restored, employee paychecks will again be processed normally. If necessary due to extended system unavailability, Accounting – Payroll may elect to pay employees based on their last regular paychecks and provide a "true-up" to those payments after complete system restoration.

Engineering Maintenance / Power Equipment

Following network & system restoration: Day 1+

- The Engineering Maintenance and Equipment lead will facilitate regular communications among Engineering staff, other work groups, and ULC regarding maintenance scheduling activities and coordination.
- Notify Maintenance and Power Equipment Engineers of the schedule for reporting to work at the Northeast Substation and assign work priorities.

Design Engineering

Due to its specialized area of expertise, the Design Engineering group has limited ability to assist with other work, but will provide recovery support to the maximum extent possible.

Following network & system restoration: Days 1+

The Design Engineering Lead will contact Black & Veatch and arrange for his group to work from their offices. Design Engineering Lead along with the document management resources will work from Ann Arbor. Black & Veatch will provide network access so the Design group members could VPN into the ITC network.

Project Engineering

Following network & system restoration: Day 1 +

- The Project Engineering Lead will notify Field Supervisors and Project Engineers to report to their alternate work sites.
- The Project Engineering Lead will facilitate a meeting with Principal Engineers to coordinate with Reed City (buyers, supply chain and warehouse), as well as ULC Dispatch/Field personnel, and the Operations Department regarding planned activities.
- Provide guidance regarding priorities and resumption of project activities.
- Identify any work-around procedures with Reed City, ULC or other groups if there is an interruption in connectivity or data access.

Relay Engineering - Relay Design / Relay Performance / SCADA

During recovery efforts:

In addition to the actions noted under "All Departments" above, the Relay Engineering Lead will communicate recovery status and assistance needs to ULC and Hydaker-Wheatlake.

Following network & system restoration: Day 1+

The Relay Engineering Lead will

- Facilitate regular communications between engineering staff, other departments, ULC, and Hydaker-Wheatlake as staff works from the Northeast Substation.
- Provide direction and discuss work plans with the Senior Relay Design Engineer and the Senior Relay Performance Engineer to prepare work assignments for the remaining Relay Design and Performance Engineers.
- Notify Relay Design and Performance Engineers of the schedule for reporting to work at the Northeast Substation and Ann Arbor locations and assign work priorities.
- Communicate status and coordinate resources with the Director - Asset Management.

Days 3+

The Relay Engineering Lead will:

- Provide direction to Relay Design and Performance Engineers reporting for work at the Northeast Substation.

  Note: The Relay Design and Performance group may not need to report to work for several days following a disaster, depending upon the level of field work.

  The Relay Design and Performance group's work load following a disaster would primarily align with the level of active field work, which is largely driven by projects. This group maintains relay settings, often changed in real time, in CAPE/ASPEN and Asset Sentry, and can work off non-networked laptops to do studies while the ITC network is not available as long as the software key is available. In this case, the settings and setting templates currently saved on the server could be run off laptops and later updated to the servers.

Facilities

During recovery efforts:

In addition to the actions noted under "All Departments" above, the Director – Facilities and Security will:

- Function as Facilities Damage Assessment Coordinator.
- Direct preparation of alternate work sites for use.
- Determine if additional, alternate space is needed for overflow due to company growth since the last plan update.
- Notify the night crew of the disaster and provide direction as to what the next steps are.

Following network & system restoration: Days 1+

The Director – Facilities and Security will:

- Facilitate planning discussions with the Facilities/Security group to determine the support needed at the alternate work sites.
- Communicate facility plans to other departments, particularly for groups that will have to continue working remotely until additional or permanent work sites are available.

Physical Security

During recovery efforts:

In addition to the actions noted under "All Departments" above, the Security Manager will:

- Lead physical security disaster response and recovery efforts until physical security and monitoring systems are restored.
- Perform other activities governed by physical security policies, procedures and plans, such as:
  - Coordinating with emergency response and local authorities.
  - Arranging for additional physical security resources during response and recovery efforts.
  - Setting up access control systems and preparing alternate work sites for use, etc.

Following network & system restoration:

Day 1

The Security Manager will facilitate a planning session with the Security staff to:

- Set up access control for Belleville and revise access privileges for staff working at alternate sites.
- Deploy Security staff to various ITC locations to oversee security efforts on-site.

Days 2+

The Security Manager will:

- Provide direction to Security Coordinators and staff.
- Notify staff when other ITC personnel are set up to work in Belleville and other sites (as applicable) and provide new contact information.
- Assist with securing areas that require repair/reconstruction.

Information Technology: Information Security & IT Governance

During recovery efforts:

In addition to the actions noted under "All Departments" above, the Information Security & IT Governance Lead will coordinate all actions required by Attachment 1, CIP-084 Critical Asset Recovery Plan.

If necessary, the Lead will direct backup tape data retrieval and restoration as described in the Tape Backup and Restoration Process.

Following network & system restoration:

Days 1+

The Lead will arrange and facilitate a meeting with key members of the group, including the IT Purchasing Lead, Telecommunications, and Applications Support personnel, to develop a plan for returning to normal operation. The meeting should include discussions on work necessary to change the focus from recovery to continuity efforts.

Information Technology: After the Fact Reporting

Following network & system restoration:

Days 1+

The group Lead will arrange and facilitate a planning discussion with key members of the After the Fact Reporting group, including the Production Lead and the Senior Systems Analyst to develop a plan for returning to normal operation. The meeting should include discussions on work necessary to change the focus from recovery to continuity efforts.

Information Technology: PeopleSoft

Following network & system restoration:

Day 1

The PeopleSoft Lead will arrange and facilitate a planning discussion with key members of the PeopleSoft team, including the System Analyst and Database Administrator, to develop a plan for returning to normal operation. The meeting should include discussions of work necessary to change the focus from recovery to continuity efforts.

Day 2+

The PeopleSoft Lead will notify additional PeopleSoft resources to resume work and will provide direction on the priorities and activities that need to be addressed.

Information Technology: TMS/SCADA

During recovery efforts:

In addition to the actions noted under "All Departments" above, the Information Technology – TMS/SCADA Leads will coordinate TMS/SCADA actions required by Attachment 1, CIP-084 Critical Asset Recovery Plan.

Following network & system restoration:

Days 1+

The Leads for the TMS and SCADA groups will arrange and facilitate a planning discussion to develop a plan for returning to normal operation. The meeting should include identification of any tasks that can be performed remotely and assignment of required resources and identification of personnel who should plan to work from the Ann Arbor location.

Legal Department

Following network & system restoration:

Day 1

The General Counsel for Utility Operations will:

- Arrange and facilitate a planning session with the Legal Department attorneys to discuss the status and impact of recovery efforts.
- Identify appropriate points of contact/alternate points of contact to obtain the information the Legal Department needs to address the issues.
- Identify and prioritize legal issues related to recovery efforts, other work in progress, or outstanding issues prior to the disaster.
- Notify internal customers, legal service providers, and the EMT where the Legal Department will be operating and how to communicate with the group.

Days 2+

The General Counsel for Utility Operations will oversee Legal Department work, and:

- Provide direction to the support staff.
- Facilitate briefings and communications internally and externally, as appropriate.
- Notify Legal Department staff, internal customers, and outside counsel of new phone/fax numbers when relocating to Outside Counsel Offices like Dykema.

Real Time Operations (Does not include Shutdown Coordination) and Control Area Operations

During recovery efforts:

In addition to the actions noted under "All Departments" above, the Real Time Operations and Control Area Operations Leads will coordinate Real Time Operations and Control Area Operations efforts to resolve any disruption to transmission system and Local Balancing Authority operations.

Following network & system restoration:

Days 2+

The Real Time Operations and Control Area Operations Leads will oversee and manage Operations work, such as:

- Providing direction to Transmission System Coordinators and System Reliability Controllers working in the Control Room.
- Providing direction to Operations Technicians working from home, including changes to substation one line diagrams that are maintained and accessed by field staff.

The following are general guidelines for Operations staff to return to work:

- Transmission System Coordinators and System Reliability Controllers will work out of Ann Arbor according to the schedules established for Operations.
- The Director - Real-Time Operations, Manager – Operations Control Room, Manager – Control Area Operations, and Supervisor – Control Area Operations will work out of Ann Arbor.

Shutdown Coordination and Operations Engineering

Following network & system restoration:

Days 2+

The Shutdown Coordination and Operations Engineering Leads will oversee and manage activities, such as:

- Providing direction to staff at each location if staff reports to multiple locations.
- Facilitating regular communications, since staff may be working at different locations, and arranging face-to-face meetings when appropriate.
- Notifying staff expected to work at the Ann Arbor location when the facility is ready for use.
- Notifying other work groups and partners of Ann Arbor phone/fax numbers.

The Operations Engineering Lead will also participate in the EMT as the Operations Lead and will act as the representative of the Real Time Operations, Control Area Operations, and Operations Engineering groups to provide recovery and restoration updates and coordinate OCR efforts with the EMT throughout the recovery efforts.

Safety

During recovery efforts:

In addition to the actions noted under "All Departments" above, the Safety Lead will:

- Perform other activities as governed by ITC safety policies, procedures and plans, such as:
  - Coordinating with emergency response and local authorities.
  - Facilitating emergency evacuations, assisting with and coordinating care for the injured, and working with Human Resources to notify families.
  - Coordinating additional safety resources for support response and recovery efforts.
  - Investigate any incidents involving Workers Compensation as soon as possible.

Following network & system restoration:

Day 1

The Safety Lead will arrange and facilitate a planning session with the Safety staff to deploy Safety staff to various ITC locations to oversee safety and security efforts at each site.

Days 2+

The Safety Lead will oversee and manage Safety efforts, such as:

- Providing direction to Safety Coordinators.
- Notifying staff when other personnel are set up to work in Belleville and other sites (as applicable) and providing new contact information.
- Ensuring work areas are safe, including those areas that require repair/reconstruction.

Other Department Work Groups

These groups include Compliance and Training, Long Term Planning, Supply Chain, Treasury & Investor Relations, Financial Planning & Analysis, Human Resources, Development, Federal Affairs, and any other groups not specifically identified.

Following network & system restoration:

Days 2+

The Lead for each group will:

- Notify other staff when they should start working out of the Alternate Work Site location and provide guidance on their priorities and activities.
- Facilitate briefings and communications, since all staff personnel will be working remotely.
- Determine whether a work-around process is required as the company resumes normal operation.

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of the Joint Application of Entergy Arkansas, Inc., Mid South TransCo LLC, Transmission Company Arkansas, LLC and ITC Midsouth LLC for Approval of Transfer of Assets and Certificate of Convenience and Necessity, and Merger and, in connection therewith, Certain Other Related Transactions	)	File No. EO-2013-0396

EXHIBIT JEJ-11

ITC PROCUREMENT STRATEGY

PROCUREMENT STRATEGY

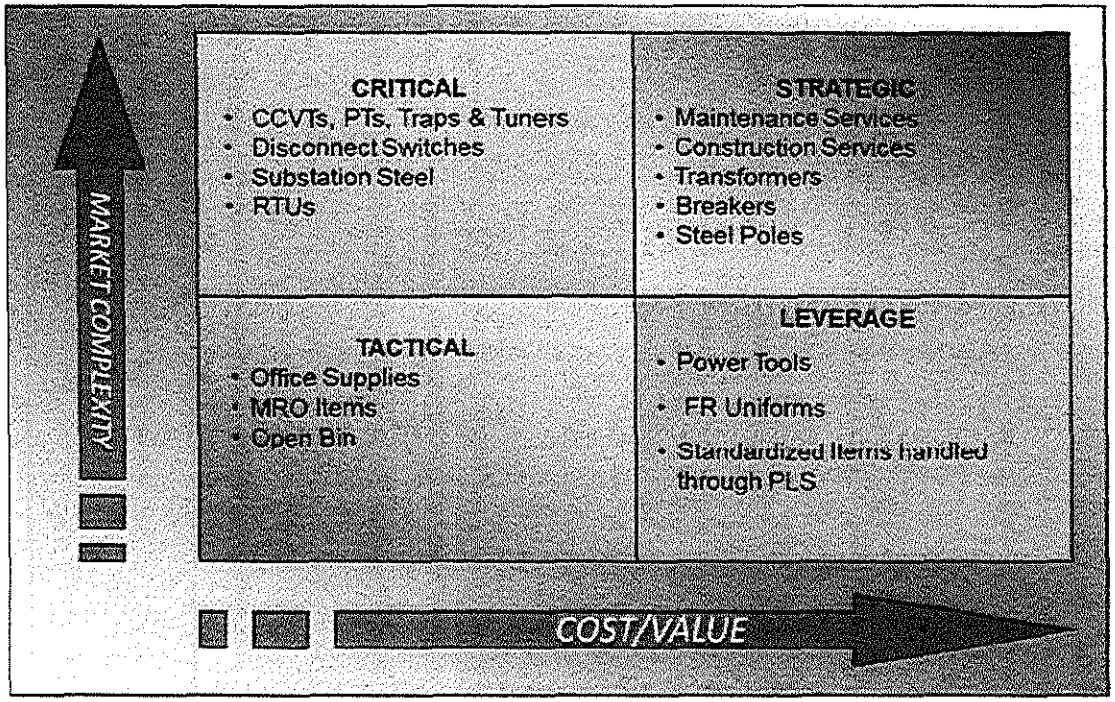


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EXHIBIT JEJ-12

LETTERS RECEIVED FROM ITC'S SUPPLY CHAIN VENDORS

260 Parkway East, Hillside Industrial Park
Duncan, SC 29334 USA
www.AFLglobal.com

April 17, 2012

Steve Sczytko
Director - Asset & Related Services
ITC
27175 Energy Way
Novi, MI 48377

Steve:

For over 100 years, AFL has been designing and manufacturing accessories for deployment by electric power utilities. We have worked with all of the major transmission utilities, including Entergy, and from our perspective, the following points are key when ITC acquires or constructs additional transmission infrastructure:

- Unlike Entergy, who has to spread its capital expenditures across distribution, substation, generation and transmission assets, ITC has the ability to focus on the transmission assets. Given previous acquisitions of assets in Iowa, and new construction in Kansas and Oklahoma, ITC has improved the aging assets of the incumbent utility. Entergy's transmission assets are aging, and are in need of either rebuilding or upgrading. ITC will invest the capital necessary to upgrade and maintain this transmission system.

- ITC utilizes state of the art telecommunications systems to operate and control the transmission of energy across their infrastructure. In some areas, Entergy's telecommunications network was built in the mid-80's, and needs to be updated to newer technology that will improve the efficiency of the operation of the overall transmission system. Again, ITC will invest their capital into upgrading this overall telecommunication infrastructure.

- Because ITC's main asset is the transmission infrastructure that it constructs and maintains, it can focus all of its energy to making sure that asset is built and operated in the most cost efficient and reliable manner. In the areas that ITC serves, AFL has seen an increase in system reliability primarily due to this focus of all of ITC's efforts into one common goal – maintaining a world class transmission system. During any natural disaster that can occur that damages the electric grid, most utilities have to focus on ALL areas (distribution, generation, substation, transmission, etc.) in order to bring their systems back on line. ITC has one major asset to focus on, and as such, have systems, teams and material in place to quickly get this critical grid infrastructure back on line quickly and efficiently.

- ITC has standardized on the system components used across their transmission assets, and it allows them to leverage the lowest overall cost for these products. This same philosophy will be utilized across the Entergy territory, and will allow for additional cost savings in the maintenance and operation of this system.

I look forward to working with you to continue to design, develop and maintain North America's transmission infrastructure.

Sincerely,

Stephen Ferguson
Vice President & General Manager

Hubbell Power Systems, Inc.
Patrick Clemente
RVP Northeast Region

1770 Windsor Trace
Warren, OH 44484
Tel: 330-314-7688
E-Mail: ptclemente@hubbell.com

April 18, 2012

Steve Sczytko
ITC Holdings
27175 Energy Way
Novi, MI
48377

Steve,

Per our recent discussions I am pleased to provide you a proposal to capture the savings seen by ITC in participation with the VIP² program with Hubbell Power Systems. Below you will find two sections outlining the value add from HPS on major projects as well as details of the Alliance savings for the contracts in place. These details can be used as savings specifically for project proposals and a baseline for savings on our contract business moving forward.

- **Major Projects – Alliance Advantage: 5%**

  - **Project Management**
    - Dedicated project management, engineering, and logistics to support alliance projects.
    - Guaranteed production slots for committed projects within the alliance. This prioritization protects alliance partners from potential changes in delivery constraints due to market fluctuation
  - **Tower Pack/Kitting Service**
    - Project kitting and customized shipping services from HPS provide seamless material handling and installation.
    - Reduction in contractor labor hours during installation by packing material to suit the specific needs of the project and/or contractor.
  - **Product Standardization and New Product Development**
    - HPS has and will continue to lead new product development and standardization efforts for projects within the alliance. These efficiencies will benefit ITC in providing a fluid process on projects from start to finish.
  - **Training**
    - Customized transmission and substation training for the ITC work force and contractors on site. These seminars are provided to suit the needs of the particular project or application.
  - **Testing**
    - HPS maintains Corona/RIV testing capabilities at our lab in Wadsworth, Ohio. Testing protocols are in accordance with NEMA 107-1987, IEEE 454, and ANSI C29.1. These testing services represent a minimum cost savings to ITC of $5,000/assembly.
    - HPS maintains mechanical testing capabilities of hardware components, polymer suspension insulators, polymer line post insulators and braced line post assemblies at our labs in Wadsworth, Ohio; Leeds, Alabama; and Centralia, Missouri. All mechanical testing included in the Thumb Loop proposal is included at no cost to ITC. Typical lab costs for this type of

service can range from $4,000 - $6,000 per day depending upon the specific requirements.
    - HPS maintains full scale 3D E-field modeling capabilities of complete insulator assemblies using the Coulomb modeling software. Depending upon the complexity of the assemblies, 3D modeling costs and E-field stress diagrams can be as much as $3,000-$5,000 per assembly.

- **VIP² Agreement – Alliance Advantage: 7%**

- **Sourcing – Alliance Advantage: 2%**
    - HPS Alliance program offers best-in-class; supply chain management, e-Commerce capabilities, account management, performance reporting, and enhanced warranty terms.

- **Commodity Indexed Pricing – Alliance Advantage: 2%**
    - Contract pricing linked to commodity indexes, reducing pricing uncertainty and allowing contract pricing to move in sync with the commodity market.

- **Inventory Management – Alliance Advantage: 2%**
    - Delivery Commitment
        - HPS dedicated contract carrier to deliver a full truckload of products per negotiated schedule.
    - Guaranteed Lead Time
        - Guaranteed lead times on contract items, by product classification, to keep ITC isolated from changes seen by the balance of the industry.
    - Stocking Manufacturer Commitment
        - Priority access to $40 million dollars of T&D inventory within HPS distribution center. This front of the line service allows for superior on time performance to eliminate material shortages at the jobsite.
    - Segregated Inventory
        - HPS managed account-specific segregated inventory, tailored to the needs of the alliance.
    - Preferred Storm / Natural Disaster Response
        - HPS DC maintains significant quantities of "storm replenishment products" to suit the needs of ITC and provides immediate response in emergency situations. ITC receives prioritization within HPS for required storm materials.

- **Warehousing/ Logistics – Alliance Advantage: 1%**
    - Bar Code Capabilities
        - HPS custom bar coding capability available to suit the needs of ITC or contractors on site
    - Delivery Service and Unmatched Logistics
        - 95% on-time performance for contract items, within one year of alliance commitment.

Our entire HPS team takes great pride in the agreement between ITC/HPS and is looking forward to the enhancement of this agreement.

Sincerely,

Patrick Clemente

Patrick Clemente
RVP Northeast Region

M. J. ELECTRIC, LLC

200 West Frank Pipp Drive • P. O. Box 686
Iron Mountain, Michigan 49801
Phone: (906) 774-8000 • Fax: (906) 779-4217
www.mjelectric.com

April 17, 2012

Mr. Steve Sczytko
International Transmission Company
27175 Energy Way
Novi MI 48377

RE: MJ-ITC Alliance Benefits

Steve,

Following up on our various conversations regarding our Alliance model I have captured a few of my thoughts and observations as noted below.

As a Utility Contractor with a national footprint, M. J. Electric, LLC (MJ) has the opportunity to work for many different customers, under a variety of contract arrangements. We are currently engaged in several large Alliance style contracts, each with different requirements and expectations from our customers. The Alliance relationship developed with ITC over the years has been successful and unique. It is unique in that it has out lasted the majority of any Alliance formed, considering that most fail within the first 3 years. ITC and MJ's unfailing commitment to the Alliance principal has allowed us, as partners, to mature into our roles and reap the benefits that the Alliance produces.

Experience has shown that the two areas which are impacted most in a long term Alliance are Safety and Productivity, both which have a direct impact on cost to our companies. These positive benefits are realized only after a period of time where the culture and traditional mindsets begin to shift away from the norm and truly begin thinking about the best interest of the partners. This happens subtly, as trust develops and relationships grow.

Our records show that long term Alliance contracts ultimately produce the safest work environment. This is not an immediate result. Usually by the third year a level of sustainable improvement is seen. This is due to several reasons, some of which are:

- ITC has led, promoted and supported safety initiatives and training throughout the life of the Alliance. The expectations are clear and the partners work toward a common goal. ITC is an active partner in our safety planning.
- Consistent and steady work flow allows the crews to stay together and filter out unsafe workers from the crew.

- Although extensive training is done throughout an employee's tenure at MJ, by the beginning of the third year the crews have been trained and re-trained several times on safety processes, procedures and expectations. The re-training enables a cultural shift to begin in many of our folks as they begin to understand that safety is a mindset and lifestyle, not just following rules.
- Once the cultural shift begins, we can more effectively train on risk behavior. The ultimate goal is to have a company of individuals who perform in the safest manner, not because of a rule or process, but because it has become their personal conviction and they would not think of allowing themselves or anyone on their crew to perform any differently. We are seeing this starting to take root.
- The benefits of Lessons Learned from near misses and other incidents are more easily carried forward with the crews which can often get lost when crews split up and transfer to other customers or contractors.
- Success breeds success, in that when it is seen that a project can be completed safely and productively, the bar is set higher. The safer we work today, the safer we expect to work tomorrow.

Our records also show that work performed in an Alliance agreement is the most productive work we perform, due to many of the same reasons noted above. Items to note are:

- A crew that works together over an extended period refines the work practices and takes advantage of the savings. 100% of these savings are passed on to ITC on a continual basis in the Alliance model.
- By developing a solid core of field leaders, assimilating new craft workers into the crew, due to increased workload, is more easily accomplished. The core individuals are able to bring the new group up to speed quickly.
- The Alliance model is good for employee retention as the craft understands that they cannot hop between multiple contractors and still work on ITC property.
- The relationships formed, at every level in our organizations, allow for quick resolution of any issues that arise. Expectations are clear and management is driven to show continuous improvement and added value.
- Beyond the savings captured in the productivity improvements, the largest area of savings in a project is unrealized risk and contingency dollars that must be accounted for in any estimate. Although certain risk, such as weather, can have a huge impact on the cost of a project, early involvement and pre-planning allows us to mitigate risk and push all savings back to ITC.

I am sure there are many other relevant items to note pertaining to the Alliance model and would look forward to discuss any of these in more detail. Please give me a call and we can discuss at your convenience.

Very truly yours,

M. J. ELECTRIC, LLC

Edward E. Farrington
Senior Vice President, Utility Division
DID#906-776-4557
efarrington@mjelectric.com

EF/rd

Southwire Company
One Southwire Drive
Carrollton, GA 30119, USA
Telephone (770) 832-4242
www.mysouthwire.com

Southwire®

April 20, 2012

Steve Sczytko
27175 Energy Way
Novi, MI 48377

ITC Holdings and Southwire Company have been alliance partners since 2005. We, at Southwire Company, feel this alliance partnership has bought about many important and valuable advantages to ITC. Please take a moment to review some of these advantages I have listed below.

Engineering Assistance & Training
In addition to our products, Southwire is the leader in our industry for technical service and support to our electric utility customers. Some examples of technical assistance include:

- Preconstruction clinics and training
- Assistance with sag and tension calculations
- Assistance with thermal rating
- Clarification of operational information for conductor
- Presentations on line design and conductor choice
- Improving power transmission in limited corridors
- Detailed analysis of failed conductor

Some specific examples of Southwire providing ITC with technical assistance include:

- Annual VR2 training classes held in the Midwest region
- Promptly responding to VR2 installation issues
- In the field installation observations
- Detailed field report summaries
- Analysis of conductor samples

Emergency Response

Southwire's Emergency Response Plan specifically describes the system Southwire has in place to respond to our customer's needs in a crisis situation. Events that create a crisis situation range from natural disasters (hurricanes, tornados, ice storms, earthquakes, floods, and other phenomena) to the man-made interruptions in service. This is standard service for Southwire; however, in the event we incur extraordinary but reasonable charges for freight, raw materials, etc, we reserve the right to recover those charges.
Southwire operates 24 hours a day, 7 days a week and has personnel on call for the purposes of initiating this plan in the event of a customer emergency.

Once the emergency has occurred and ITC has surveyed affected areas, the procurement process begins. ITC will contact Southwire with an order detailing product and quantities and Southwire will begin locating or producing the material. If product is in stock, we will ship material ASAP. However, if material is not in stock, we will begin the production process, which could begin with obtaining raw materials. If raw materials are in stock, we can begin the production process.

When a customer demand exceeds the normal production capacity, Southwire will utilize non-standard routing to manufacture the products. Southwire has substantial flexibility in its manufacturing process within each plant. We also have flexibility in producing products at multiple plant locations. It is Southwire's practice to move emergency production orders to the front of the line in our manufacturing schedule.

Southwire has 9 Master Service Centers located strategically around the United States to allow same day shipment of orders. Southwire also maintains inventory at its 10 wire and cable manufacturing locations. These warehouses are manned 24 hours a day, 7 days a week. Southwire has a dedicated fleet of trucks and good relations with multiple transportation providers to ensure we can ship our products to any location as soon as we can determine where they are needed.

Production Capacity & Delivery Commitment

Southwire is committed to providing the highest level of delivery performance possible. As previously discussed, steel core wire and aluminum rod availability has significant impacts on conductor deliveries.

In regards to steel core, this situation has slightly improved. We are committed to aligning our steel suppliers with our systems to manage production schedules in a manner that meets ITC project needs and requirements. However, the situation with aluminum rod in the industry has become even more tight and complicated. Fortunately for Southwire, we operate 3 Aluminum Rod Mills in Hawesville, Kentucky. Our KY Rod Mill produces approximately 38 million lbs of aluminum rod each month. We supply all of our manufacturing plants with our own rod from this manufacturing facility.

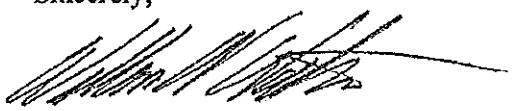
As ITC expands and grows geographically, Southwire grows as well. Since 2010, Southwire has invested approximately $20 million in manufacturing equipment and equipment upgrades to

service transmission customers including ITC. Some examples include the Drum Twister in Heflin, AL, Bare Transmission Line in Carrollton, GA and other equipment upgrades.

We are currently giving preferential allocation within our production schedules to ITC as your work plans dictate. Additionally, we are not expanding our customer base due to high transmission demand. We remain focused on servicing our alliance customers to the highest potential. We also work diligently to give ITC precise and timely information regarding delivery schedules. We understand the need to delivery commitment compliance and are confident that we can meet your expectations by working together to manage material production and delivery according to your forecasts and plans.

In closing, it is clear to see there are many advantages to the ITC/Southwire alliance partnership. With ITC's recent acquisition of Entergy's transmission assets, these benefits will all be significant focal points for ITC. As stated in the alliance agreement, Southwire is committed to supplying ITC at the same high level of response, quality, value and integrity. We look forward to continuing our alliance with ITC. Please let us know if we can assist in any manner.

Sincerely,



William W. Watson
Vice President, Energy Sales
Southwire Company

SYSTEMS CONTROL
People. Power. Partnerships.

A Div. of Northern Star Industries, Inc.
P.O. Box 788 / 3201 E. Industrial Dr.
Iron Mountain, MI 49801-0788

Phone: (906) 774-0440
Fax: (906) 779-4219
www.systemscontrol.com

April 22, 2012

ITC Holdings
Attention: Steve Sczytko
Director of Supply Chain
27175 Energy Way
Novi, MI 48377

Subject (1) ITC/Entergy Transaction Benefits

Dear Steve:

Thank you for including Systems Control in your request regarding obtaining regulator approval for the ITC/Entergy Transaction.

Since the start of the formal ITC and Systems Control Business Partnership in 2007, and informal in priors years, the business partnership has been forged and executed based upon streamlining processes, standardization, continuous improvement and helping drive consistency and reliability in every product we design, manufacture and deliver across all ITC businesses.

Standardization

From the start of our business relationship with ITC, we have made significant progress with standardization of both panels and control buildings. The collaborative panel standardization process across all ITC business units has resulted in thousands of dollars in savings. This has included standard control and relay panel standards and RTU standards. The standards have resulted in best practices from Systems Control and ITC streamlining the engineering, drafting, manufacturing, testing and field checkout. The collaborative process has resulted in examining major components installed and replaced in the panels striving for best possible cost, quality, customer service and reduction in lead-time.

The same has been accomplished with Equipment Enclosures (substation control centers). The standardization has been optimized into primarily 3 or 4 designs, saving thousands of dollars of engineering, drafting, manufacturing, testing and field checkout.

Integrated Systems

ITC and Systems Control have worked in a collaborative fashion to provide integrated systems. Systems Control state of the art facility which provides engineering, design, manufacturing, and testing all under one roof allows for the true integrating of a system whether it's a RTU panel or

a complete Equipment Enclosure. Our unique design and manufacturing facilities/environment provides the platform for exposure to best in class ideas being used by utility customers all across North America. These best in class ideas are leveraged to assist ITC with improving all products and processes provided to ITC.

In addition, Systems Control employs a continuous improvement culture with lean initiatives executed in every part of our business with counsel and insight from some of the world experts of lean and proven ideas implemented from the Toyota Production System (TPS).

All these improvements are passed along to ITC in the form of labor hour reductions and material costs improvements resulting in thousands of dollars in savings.

Reliability

The North American Electricity Grid is the world's largest and most complex system of power generation, transmission and distribution. Systems Control keenly understands the magnitude and responsibility we undertake of keeping the system operational. Systems Control's entire organization is dedicated to the reliability of the product we design, manufacture, test and deliver all across North America.

The Systems Control engineering/design resources are on the front line of reviewing our customers and our designs/drawings to confirm compliance and configuration control prior to release for manufacturing. We keenly understand the expectations of ITC and all the design parameters.

The configuration control and reliability continues in the factory with robust processes and procedures in place to ensure consistency and reliability. This includes one of the most critical of all processes involving the grid reliability, ensuring precise installation of a lug on a wire with a process only known to Systems Control ...."Every Person ...Every Shift ...Every Crimper". This process, albeit seems rather simple, is absolutely critical to reliable product being delivered, installed and operational for the long term in a substation.

Finally, we take the responsibility of delivering a reliable product to a customer very seriously, so the last step of our processes is to do complete functional testing of the panels and complete testing of the integrated Equipment Enclosure. This testing process detects drawing or product issues before departure from Systems Control eliminating costly field/substation issues when the product arrives at the job site.

The reliability engrained in our processes and culture of our people save thousands of dollars in issues surfacing at substation installation and check out. More importantly, it saves potentially hundreds of thousands of dollars which would result from an outage.

Summary

The cost efficiencies that can be gained with the ITC/Entergy transaction will contain all the above efficiencies which were achieved between ITC and Systems Control to date and represent

hundreds of thousands of dollars of actual cost savings and a much larger amount avoided with the reliability of the products delivered.

The ITC and Systems Control template for success is rooted in standardization, continuous improvement and reliability working together in a collaborative environment never losing focus of the cornerstone of our business of Extraordinary Customer Service.

Best Regards,

SYSTEMS CONTROL

Al Bloniarz
Senior Vice President

AB/nb
CC: Steve Pontbriand
Jon Harry
Brad Lebouef
Encl.

valmont
NEWMARK

April 20, 2012

Attn: Steve Sczytko

RE: Cost Efficiencies

Dear Steve,

Valmont Newmark is pleased to provide a response to your inquiry regarding possible cost efficiencies that may be achieved as a result of your recent acquisition of Entergy. Typically, when two companies come together by acquisition, the joint company (ITC in this instance) benefits in terms of cost efficiency. An acquisition is able to create economies of scale which in turn generates cost efficiency. As ITC and Entergy form a new and bigger company, the construction of transmission lines will done on a much larger scale and when the construction level increases, there are strong chances that the cost of construction per mile will be reduced.

Below are some areas that Valmont has identified that could possibly improve cost efficiency for ITC:

- **Materials:** Based on the increased capital expenditures that ITC is projecting over the next several years, an opportunity may exist Valmont to explore mill direct buys that could lead to reduced material costs and scrap.
- **Standardization of Structures:** Valmont Engineering is willing to work with ITC Engineering to create 'Standard Structures' for each voltage class in an effort to reduce both drafting and engineering time which will result in a reduced lead time for structure delivery and allow ITC the ability to construct more transmission projects on an annual basis.
- **Lead Time:** Accurate project forecasting allows Valmont to reserve production space and provide ITC structures well below current industry lead times. An opportunity exists to improve upon this already reduced lead time if ITC is able to provide Valmont an accurate forecast for all project requirements at least twelve months in advance of the planned construction date.
- **Dedicated Resources:** Due to the increased volume associated with ITC projects as a result of the Entergy acquisition, Valmont is commited to adding additional resources to our Drafting, Engineering, Project Administration, Project Management and Sales departments to ensure that structures will be delivered on time for all planned ITC Projects.
- **Emergency Response/Storm Restoration Stocking Program:** Valmont has the ability to stock structures and deliver them in as little as two weeks or less throughout ITC's entire service area. This proven program grants ITC the ability to both replace structures affected by storm events in a timely manner and avoide outages.

Please let me know if you have any questions or require additional information.

Sincerely,

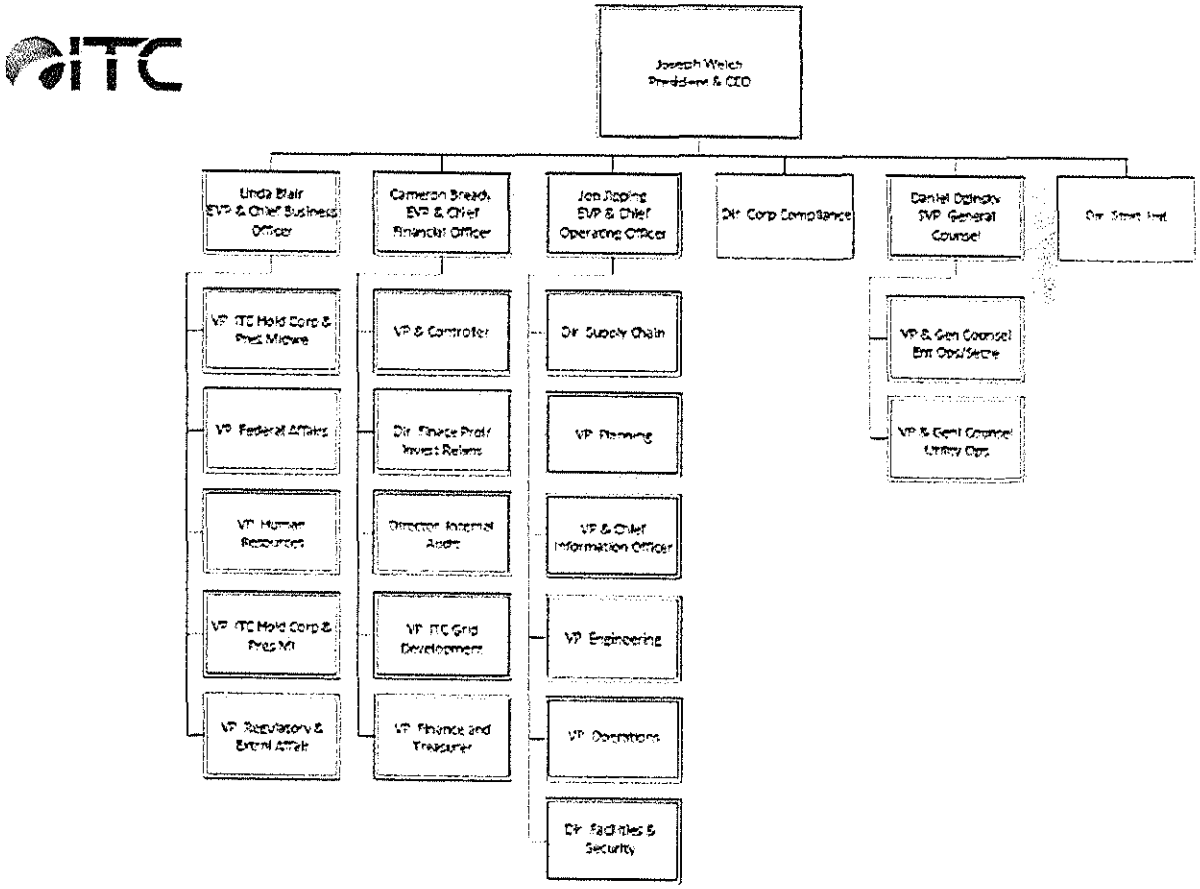
Jake Klump
Strategic Account Manager
Valmont-Newmark
Utility Steel Group
570-971-8005

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of the Joint Application of Entergy Arkansas, Inc., Mid South TransCo LLC, Transmission Company Arkansas, LLC and ITC Midsouth LLC for Approval of Transfer of Assets and Certificate of Convenience and Necessity, and Merger and, in connection therewith, Certain Other Related Transactions	)	File No. EO-2013-0396

EXHIBIT JEJ-13

HIGH LEVEL ITC MANAGEMENT REPORTING STRUCTURE


Joseph Welch
President & CEO
Linda Blair
EVP & Chief Business Officer
Cameron Breadx
EVP & Chief Financial Officer
Jon Jipping
EVP & Chief Operating Officer
Dir Corp Compliance
Daniel Delinsky
SVP General Counsel
VP ITC Hold Corp & Pres Midwest
VP Federal Affairs
VP Human Resources
VP ITC Hold Corp & Pres MI
VP Regulatory & Exteral Affair
VP & Controller
Dir Finance Prof/ Invest Relans
Director Internal Audit
VP ITC Grid Development
VP Finance and Treasurer
Dir Supply Chain
VP Planning
VP & Chief Information Officer
VP Engineering
VP Operations
Dir Facilities & Security
VP & Gen Counsel Ent Ops/Secre
VP & Genl Counsel Utility Ops

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of the Joint Application of Entergy Arkansas, Inc., Mid South TransCo LLC, Transmission Company Arkansas, LLC and ITC Midsouth LLC for Approval of Transfer of Assets and Certificate of Convenience and Necessity, and Merger and, in connection therewith, Certain Other Related Transactions	)	File No. EO-2013-0396

EXHIBIT JEJ-14

FORM OF

TRANSITION SERVICES AGREEMENT

FORM OF

TRANSITION SERVICES AGREEMENT

This Transition Services Agreement (this "Agreement") is dated as of [_____], by and among Transmission Company Arkansas, LLC, a Michigan limited liability company ("AR Wires Sub"), Transmission Company Louisiana I, LLC, a Michigan limited liability company ("LA 1 Wires Sub"), Transmission Company Louisiana II, LLC, a Michigan limited liability company ("LA 2 Wires Sub"), Transmission Company Mississippi, LLC, a Michigan limited liability company ("MS Wires Sub"), Transmission Company New Orleans, LLC, a Michigan limited liability company ("NOLA Wires Sub"), Transmission Company Texas, LLC, a Michigan limited liability company ("TX Wires Sub", and, together with AR Wires Sub, LA 1 Wires Sub, LA 2 Wires Sub, NOLA Wires Sub and MS Wires Sub, each a "Service Recipient"), Entergy Arkansas, Inc., an Arkansas corporation ("Arkansas OpCo"), Entergy Gulf States Louisiana, L.L.C., a Louisiana limited liability company ("Gulf States OpCo"), Entergy Louisiana, LLC, a Texas limited liability company ("Louisiana OpCo"), Entergy Mississippi, Inc., a Mississippi corporation ("Mississippi OpCo"), Entergy New Orleans, Inc., a Louisiana corporation ("New Orleans OpCo") and Entergy Texas, Inc., a Texas corporation ("Texas OpCo" and, together with Arkansas OpCo, Gulf States OpCo, Louisiana OpCo, Mississippi OpCo and New Orleans OpCo, the "Utility OpCos") and Entergy Services, Inc., a Delaware corporation ("ESI"). Each Utility OpCo and ESI is referred herein, individually, as a "Service Provider" and each Service Provider and each Service Recipient are referred herein, individually as a "Party" and, collectively, as the "Parties".

RECITALS

WHEREAS, Entergy Corporation, ultimate parent of each Service Provider and a Delaware corporation ("Entergy"), ITC Holdings Corp., a Michigan corporation ("ITC"), Mid South TransCo LLC, a Delaware limited liability company ("TransCo"), and each Service Provider have entered into a Separation Agreement dated as of December 4, 2011 (the "Separation Agreement"), pursuant to which the Transmission Business shall be transferred to Service Recipients (the "Separation");

WHEREAS, Entergy, ITC, TransCo and Ibis Transaction Subsidiary LLC, a Delaware limited liability company ("Merger Sub") have entered into a Merger Agreement, dated as of December 4, 2011 (the "Merger Agreement"), pursuant to which Merger Sub shall be merged (the "Merger") with and into TransCo, with TransCo surviving the Merger as a wholly owned subsidiary of ITC and all of the common units representing limited liability company membership units of TransCo shall be converted into the right to receive shares of common stock of ITC;

WHEREAS, after the Separation, the Service Recipients will own and operate the Transmission Business which was formerly owned and operated by the Utility OpCos (the "TransCo Transmission Business");

WHEREAS, each Service Provider and each Service Recipient desire to enter into an agreement whereby each Service Provider and its Affiliates, on the terms and conditions set forth in this Agreement, will provide certain Services to each Service Recipient exclusively for the benefit of the Transmission Business and not for the benefit of ITC's other Affiliates; and

WHEREAS, to facilitate the effective and efficient transfer of the Transmission Business from ownership and operation by Entergy and its Affiliates to ownership and operation by ITC's Affiliates, each Service Recipient desires to purchase and each Service Provider is willing to furnish certain services upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, each Service Provider and each Service Recipient agrees as follows:

1. **Definitions**.

Capitalized terms, as used herein, have the meanings set forth below or elsewhere in this Agreement.

(a) "Action" means any demand, charge, claim, action, suit, counter suit, arbitration, mediation, hearing, inquiry, proceeding, audit, review, complaint, litigation or investigation, or proceeding of any nature whether administrative, civil, criminal, regulatory or otherwise, by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

(b) "Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such other Person as of the date on which, or at any time during the period for which, the determination of affiliation is being made. For purposes of this definition, the term "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by Contract or otherwise.

(c) "Business Day" means any day that is not a Saturday, a Sunday or other day that is a statutory holiday under the federal Laws of the United States. In the event that any action is required or permitted to be taken under this Agreement on or by a date that is not a Business Day, such action may be taken on or by the Business Day immediately following such date.

(d) "Closing Date" means the date on which the consummation of the Merger occurs as provided in the Merger Agreement.

(e) "Code" means the United States Internal Revenue Code of 1986 (or any successor statute), as amended from time to time.

(f) "Confidential Business Information" means all Information, data or material other than Confidential Operational Information, including (i) earnings reports and forecasts, (ii) macro-economic reports and forecasts, (iii) business and strategic plans, (iv) general market evaluations and surveys, (v) litigation presentations and risk assessments, (vi) budgets and (vii) financing and credit-related information.

(g) "Confidential Information" means Confidential Business Information and Confidential Operational Information concerning a Party and/or its Affiliates which has been disclosed by a Party or its Affiliates to the other Party or its Affiliates in connection with this Agreement, in written, oral (including by recording), electronic or visual form, or otherwise has come into the possession of the other Party, including pursuant to the access provisions of this Agreement or the provision or receipt of Services (except to the extent that such information can be shown to have been (i) in the public domain through no action of such Party or its Affiliates, (ii) lawfully acquired from other sources by such Party or its Affiliates to which it was furnished, (iii) is independently developed by a Party or its Affiliates after the date hereof without reference to the Confidential Business Information or Confidential Operational Information of the other Party or its Subsidiaries and without a breach of this Agreement or (iv) approved for release by written authorization of the disclosing Party and/or the third-party owner of the disclosed information; provided, however, in the case of clause (ii) that, to the furnished Party's knowledge, such sources did not provide such information in breach of any confidentiality obligations).

(h) "Confidential Operational Information" means all operational Information, data or material including (i) specifications, ideas and concepts for products, services and operations, (ii) quality assurance policies, procedures and specifications, (iii) customer information, (iv) software, (v) training materials and information and (vi) all other know-how, methodologies, procedures, techniques and trade secrets related to design, development and operational processes.

(i) "Contract" means any legally binding written or oral agreement, contract, subcontract, lease, understanding, instrument, note, option, warranty, sales order, purchase order, license, sublicense, insurance policy, benefit plan or commitment or undertaking of any nature.

(j) "Debt Exchange" means the exchange by Entergy of the Entergy Exchangeable Debt for the TransCo Securities, as provided in Section 2.01(c) of the Separation Agreement.

(k) "Distribution" means Entergy's disposition of one hundred percent (100%) of the TransCo Common Units to its shareholders either (i) through a dividend of TransCo Common Units to Entergy shareholders on a pro rata basis (a "Spin-Off") or (ii) through an offer to exchange (an "Exchange Offer") TransCo Common Units for currently outstanding shares of Entergy's common stock ("Entergy Common Stock"), or a combination of a Spin-Off and Exchange Offer as Entergy may elect in its sole discretion, as provided in the Merger Agreement.

(l) "Entergy Contribution" means Entergy's contribution of the equity interests of each TransCo Sub to TransCo as provided in Section 1.06 of the Separation Agreement.

(m) "Entergy Exchangeable Debt" shall mean the notes or other forms of indebtedness issued by Entergy, or the agreements and other arrangements with unrelated creditors to purchase existing Entergy Corporate Debt, in connection with the Debt Exchange, as provided in Section 2.01(a) of the Separation Agreement.

(n) "Entergy Group" means Entergy and each of its Subsidiaries.

(o) "FERC" means the Federal Energy Regulatory Commission.

(p) "Force Majeure" means any cause or causes not reasonably within the control of a Party, occurring without the fault or negligence of such Party, and the effects of which could not have been avoided by such Party through the exercise of reasonable diligence.

(q) "Governmental Authority" means any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority or self-regulatory organization.

(r) "Information" means information in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, Contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data, but in any case excluding back-up tapes.

(s) "Intellectual Property Rights" means all worldwide intellectual property

and industrial property rights, including without limitation, all (a) patents, inventions, technology, processes and designs, (b) trademarks, trade names, service marks, domain names, logos, trade dress, and other source indicators, and all goodwill symbolized thereby, (c) copyrights, works of authorship, computer software and systems, (d) trade secrets, know-how, and tangible and intangible proprietary information and materials and (e) any applications, registrations, renewals, foreign counterparts, extensions, continuations, continuations-in-part, re-examinations, reissues, and divisionals of the foregoing.

(t) "Intended Tax-Free Treatment" means that (i) the Internal Restructuring qualifies as one or more reorganizations pursuant to Section 368(a) of the Code that is tax-free to Entergy and the Entergy Group, (ii) the Entergy Contribution, taken together with the Distribution, qualifies as a reorganization pursuant to Sections 368(a)(1)(D) and 355 of the Code that is tax-free to Entergy, the Entergy shareholders and TransCo, (iii) the Debt Exchange qualifies for tax-free treatment to Entergy pursuant to Section 361(c) of the Code and (iv) the Merger qualifies as a reorganization pursuant to Section 368(a) of the Code.

(u) "Interest Rate" means a fluctuating interest rate equal at all times to the prime rate, as reported in *The Wall Street Journal* on the last business day of the calendar month in which the applicable Invoice was received, plus one percent (1%), but in no case higher than the maximum rate permitted by Law.

(v) "Internal Restructuring" means the corporate restructuring steps set forth in Sections 1.02, 1.03, 1.04, and 1.05 of the Separation Agreement.

(w) "IRS" means the United States Department of the Treasury Internal Revenue Service.

(x) "Law" means any statute, law (including common law), ordinance, regulation, rule, code or other legally enforceable requirement of, or Order issued by, a Governmental Authority.

(y) "NERC" means the North American Electric Reliability Corporation or its successor organization.

(z) "Order" means any: (i) order, judgment, injunction, edict, decree, ruling, pronouncement, determination, decision, opinion, verdict, sentence, subpoena, writ or award issued, made, entered, rendered or otherwise put into effect by or under the authority of any court, administrative agency or other Governmental Authority or any arbitrator or arbitration panel or (ii) Contract with any Governmental Authority entered into in connection with any Action.

(aa) "Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Authority.

(bb) "Ruling" means the private letter ruling, substantially to the effect that the Distribution, the Entergy Contribution, and the Internal Restructuring will qualify for the treatment described in clauses (i) through (iii) of the definition of Intended Tax-Free Treatment, including any amendment or supplemental ruling thereto, issued by the IRS in response to the Ruling Request.

(cc) "Ruling Request" means the private letter ruling request filed by Entergy with the IRS pursuant to the Merger Agreement.

(dd) "Service Provider Infrastructure" means the information technology systems, communications systems and other systems, hardware, software, processes, models, algorithms, know-how and other technology used by or on behalf of Service Provider in connection with the provision of any of the Services.

(ee) "Subsidiary" means, with respect to any Person, any corporation or other entity (including partnerships and other business associations and joint ventures) of which at least a majority of the voting power represented by the outstanding capital stock or other voting securities or interests having voting power under ordinary circumstances to elect directors or similar members of the governing body of such corporation or entity (or, if there are no such voting interests, fifty percent (50%) or more of the equity interests in such corporation or entity) shall at the time be held, directly or indirectly, by such Person.

(ff) "Tax Opinion" means the written opinion of Cooley LLP, counsel to Entergy, dated as of the Closing Date, in form and substance reasonably satisfactory to Entergy, to the effect that (A) the Internal Restructuring will qualify as one or more tax-free reorganizations pursuant to Section 368(a) of the Code that is tax-free to Entergy and the Entergy Group, (B) the Entergy Contribution, taken together with the Distribution, will qualify as a tax-free reorganization pursuant to Sections 368(a)(1)(D) and 355 of the Code that is tax-free to Entergy, the Entergy shareholders and TransCo, (C) the Debt Exchange will qualify for tax-free treatment to Entergy under Section 361(c) of the Code, and (D) the Merger will not cause Section 355(e) of the Code to apply to the Distribution.

(gg) "TransCo Common Units" means the common units representing limited liability company membership interests of TransCo.

(hh) "TransCo Group" means TransCo, and each of the TransCo Subs.

(ii) "TransCo Securities" means the senior securities of TransCo issued by Entergy pursuant to Sections 1.06 and 2.01(b) of the Separation Agreement.

(jj) "TransCo Subs" means each Service Recipient, each formed in connection with the Internal Restructuring.

(kk) "Transmission" means the movement, delivery or transfer of electric energy through interconnected lines and associated equipment at nominal voltages that are greater than or equal to 69 kV between points of supply and points at which it is transformed for delivery to customers or is delivered to other electric systems.

(ll) "Transmission Assets" means the transmission assets of each Service Recipient transferred pursuant to and subject to the conditions of the Separation Agreement.

(mm) "Transmission Business" means the business function of Entergy conducted by the Entergy Group (including the Utility OpCos) through the ownership, operation, management and maintenance of and investment in assets for Transmission; provided, however, the Transmission Business shall not include any Transmission Assets owned or used by Entergy's Wholesale Commodities reporting segment (as described in Entergy's Securities and Exchange Act of 1934 filings).

(nn) "Utility OpCo Software/IP License Agreement" means each of those certain Utility OpCo Software/IP License Agreements, dated as of the date hereof and entered into by each Utility OpCo and its respective Service Recipient and ESI.

(oo) "Work Product" means reports, surveys, promotional materials, photographs, logos, artwork, graphics, signs, computer code, software, scripts, processes, models, algorithms, know-how, documentation, data, information, specifications or other materials, writings or work of authorship and other technology, content or other Intellectual Property Rights.

2. Services.

(a) Each Service Recipient hereby engages the applicable Service Provider, and the applicable Service Provider hereby accepts such engagement, to provide, or cause to be provided, to each Service Recipient, during the Term of this Agreement, the services described on Schedule A hereto (which shall be deemed to include any services closely, primarily or substantially related to the services described on Schedule A) (the "Services") to be provided by the applicable Service Provider identified on Schedule A or an alternative Service Provider if the applicable Service

Provider is unable to perform such services (provided that Service Provider will be liable in all instances for the performance of such obligations) with respect to the Transmission Assets and the TransCo Transmission Business, in accordance with the terms and conditions set forth in this Agreement. Notwithstanding anything to the contrary in this Agreement, Services shall only include those that are performed under the direction, supervision, and control of the Service Recipient.

(b) Omitted Services. If, after the date hereof and prior to one hundred eighty (180) calendar days after the date hereof, Service Recipient identifies a Service that was omitted from inclusion in the Services to be received by Service Recipient under this Agreement and that was historically provided by Entergy or an Affiliate of Entergy in support of the Transmission Assets owned by Service Recipient, and is necessary or desirable to the efficient and effective operation of the TransCo Transmission Business (an "Omitted Service"), then, provided that the provision of such service does not materially hinder (as reasonably determined by the applicable Service Provider) the applicable Service Provider's conduct of its business in the ordinary course, such Omitted Service shall be added and considered as part of the Services to be provided by such Service Provider, subject to FERC approval. The applicable Parties shall cooperate and act in good faith to reach agreement on the specific terms and conditions applicable to such Omitted Service, provided, that if such Omitted Service is substantially similar to any other Service provided by any Service Provider under this Agreement, the specific terms and conditions shall be substantially similar to the specific terms and conditions applicable to such other Service. Upon the applicable Parties' agreement on the specific terms and conditions applicable to an Omitted Service, the applicable Parties shall execute an amendment to this Agreement that provides for the substitution of the relevant Schedule or additions of supplements to the relevant Schedule, in order to describe such Omitted Service and the agreement upon the other specific terms and conditions applicable thereto. The Parties agree that the fees for any Omitted Services shall be determined by Section 5.

(c) Additional Services. In the event that the Parties identify and agree upon an additional Service (that is otherwise not listed on Schedule A or is not an Omitted Service) to be provided under this Agreement, as well as the specific terms and conditions applicable thereto (an "Additional Service"), the Parties shall execute an amendment to this Agreement that provides for the substitution of the relevant Schedule, or additions to this Agreement of additional schedules, in order to describe such Additional Service, and the agreed upon specific terms and conditions applicable thereto, subject to FERC approval. Schedule A and all such additional schedules, if any, are collectively referred to herein as the "Schedules." The Schedules are hereby incorporated by reference into this Agreement,

provided, however, that in the event of a conflict between any Schedule and the terms of this Agreement, this Agreement shall govern. The Parties agree that the fees for any Additional Services shall be determined by Section 5.

(d) Replacement Service Providers. Each Service Provider shall use commercially reasonable efforts in cooperating with Service Recipient to effect, as provided in this Agreement and at Service Recipient's expense, without undue delay, the transition from such Service Provider to any such other qualified service providers as Service Recipient may designate in writing from time to time to replace such Service Provider as the service providers of any or all Services hereunder (the "Replacement Service Providers").

(e) Impracticability. Subject to the provisions of subsection (f) below, each Service Provider shall not be required to provide any Service to the extent: (i) that the performance of the Services would (A) require such Service Provider or any of its Affiliates to violate any applicable Laws (including any applicable codes or standards of conduct established by any other Governmental Authority with respect to their activities subject to the jurisdiction of such other Governmental Authority) or any internal policy reasonably adopted in order to comply with any applicable Laws; (B) result in a material breach of any software license, lease or other Contract in effect as of the date of this Agreement; or (C) be inconsistent with the Ruling, the Tax Opinion, or the representations or statement of facts made or relied on in connection with the Ruling or the Tax Opinion; or (ii) as provided in Section 19. Any claim of a Service Provider of impracticability under this subsection will be made in writing delivered to the address listed in Section 15 for the Service Recipients.

(f) Cooperation. In the event that there is nonperformance of any Service as a result of impracticability pursuant to subsection (e) above, the Parties agree to work together in good faith to arrange for an alternative means by which the applicable Service Recipient may obtain, at its sole discretion, cost and expense, the Service so affected. Subject to Section 10, the Parties shall cooperate with each other in connection with the alternative performance of the Services, including producing on a timely basis all Contracts, documents and other information that is reasonably requested with respect to the alternative performance of Services; provided, however, that such cooperation shall not unreasonably disrupt the normal operations of the Parties; and provided, further, however, the Party requesting cooperation shall pay all reasonable out-of-pocket costs and expenses incurred by the Party or its Affiliates furnishing such requested cooperation, unless otherwise expressly provided in this Agreement. The Parties shall assist and cooperate with each other on a mutually agreeable basis to facilitate (i) the timely and orderly assumption by the Service

Recipient or its Affiliates (or a provider unaffiliated with Entergy) of providing the Services and (ii) the orderly transition of all data, information and other matters that support or relate to the operations and/or functions that are the subject of any Services, taking into account the need to minimize both the cost of such transition and the disruption to the ongoing business activities of the Parties, and each Party shall in good faith make available to the other Party the personnel and resources reasonably needed to plan for and facilitate such timely and orderly transition.

(g) No Financing to Service Recipient. Unless otherwise expressly required under the terms of any relevant Schedule hereto, in no event shall any Service Provider or its Affiliates be required to (i) lend any funds to Service Recipient or its Affiliates, (ii) expend funds for any additional equipment or material or property (real or personal) on behalf of Service Recipient other than in the ordinary course of business consistent with past practice as conducted prior to the Separation, or (iii) make any payments or disbursements on behalf of Service Recipient, except to the extent Service Recipient has previously delivered, or will deliver by future payment, to such Service Provider sufficient funds to make any such expenditures, payment or disbursement.

(h) No Assumption or Modification of Obligations. Except to the extent necessary in the provision of the Services as contemplated herein, nothing herein shall be deemed to (i) constitute the assumption by any Service Provider or any of its Affiliates, or the agreement to assume by any Service Provider or any of its Affiliates, any duties, obligations or liabilities of any Service Recipient or its Affiliates whatsoever; or (ii) alter, amend or otherwise modify any right or obligation of any party under the Separation Agreement.

(i) Application of Resources. Unless otherwise expressly required under the terms of any relevant Schedule hereto or the Separation Agreement, in providing the Services, each Service Provider or its Affiliates shall not be obligated to: (i) expend funds and other resources beyond levels that would be customary and reasonable to provide Services that are similar to the relevant Services; (ii) maintain the employment of any specific employee, contractor or subcontractor, or to hire any additional employee or subcontractor; (iii) purchase, lease or license any additional (measured as of the date hereof) equipment or materials (expressly excluding any renewal or extension of any leases or licenses required for such Service Provider to perform the relevant Services during the relevant Services Term or any equipment or materials historically used in support of the Transmission Business); or (iv) pay any of Service Recipient's costs related to its or any of its Affiliates' receipt of the Services.

(j) Transitional Nature of Services; Changes. The Parties acknowledge the

transitional nature of the Services and agree that notwithstanding anything to the contrary herein, each Service Provider may make changes from time-to-time in the manner of performing its Services if such Service Provider is making similar changes in performing similar services for itself and/or its Affiliates; provided, that such Service Provider must provide Service Recipient with at least thirty (30) days prior written notice of such changes.

(k) Collective Bargaining Employees. Notwithstanding any provision in this Agreement to the contrary, a bargaining unit employee of any Service Provider who is covered by a collective bargaining agreement will not be obligated to perform any Services under this Agreement unless either (a) the Service Provider interprets those Services to be consistent with the applicable collective bargaining agreement; or (b) if the Service Provider is able to negotiate and agree with the collective bargaining representative(s) of the bargaining unit employee(s) asked to perform those services, which may require incurring additional costs to the Service Provider, and which are approved in advance by the Service Recipient.

(l) Service Provider Employee Responsibilities. Under the overall supervision and specifications of Service Recipient, each Service Provider shall be responsible for: (1) employing its personnel directly; (2) training, managing and supervising all of such Service Provider's employees; (3) paying of compensation, benefits and labor costs (including, without limitation, workers' compensation obligations) attributable to such Service Provider's employees; (4) withholding and remitting such Service Provider's employee's share of all federal, state and local income taxes, FICA, payroll taxes, unemployment taxes and occupational taxes owed by such Service Provider's employees; (5) issuing or causing to be issued Internal Revenue Service W-2 forms for such Service Provider employees who perform services at or for the Transmission Assets; (6) determining the safety of its employees; and (7) complying with all other legal requirements relating to the Service Provider's employees.

3. **Subcontractors**. Subject to Service Recipient's prior written consent, which consent shall not be unreasonably withheld, to the extent any Service requires the use of any reasonably qualified third party subcontractor, at the Service Recipient's option, such subcontractor shall be directly contracted, directed and controlled by the Service Recipient and no contractual relationship will exist between any Service Provider and any such subcontractor. In no event shall any Service Provider be required to subcontract some or all of the Services to any subcontractor.

4. **Service Recipient Responsibilities**.

(a) Service Recipient agrees to supervise the activities to be performed by Service Provider and reasonably cooperate with Service Provider in

connection with the performance of the Services.

(b) To the extent that access to the Transmission Assets or other property or facilities of Service Recipient, or to the personnel of Service Recipient, is at any time reasonably necessary or appropriate in connection with the performance of the Services, each Service Recipient agrees to grant such access to Service Provider and its representatives on a commercially reasonable basis, subject to any NERC or FERC limitations or restrictions (including adherence with FERC's Order No. 717, Standards of Conduct for Transmission Providers). A Service Provider shall not be responsible for any loss, damage, fine, penalty, cost, expense, delay, interruption, breach, non-performance or other failure of any of the Services to the extent resulting from or arising out of or in connection with any failure by any Service Recipient to provide access to the extent reasonably necessary or appropriate in connection with the performance of the applicable Service to the Transmission Assets or any other of its properties, facilities or personnel in connection with the performance of such Services on a commercially reasonable basis.

5. **Compensation**.

(a) As consideration for the Services, the applicable Service Recipient shall reimburse and pay to the applicable Service Provider all reasonable and verifiable costs incident to the Services, including but not limited to, material costs, labor costs, labor costs adders, costs associated with third party vendors and consultants and any and all associated overheads, allocated in accordance with the same methodology employed historically by Entergy and its Affiliates in connection with the provision of services to affiliated entities and business units; provided that, for purposes of this provision, "costs" means fully-loaded costs without any profit factor ("Reimbursable Costs").

(b) Within three (3) business days after the end of each calendar month, each Service Provider shall provide each Service Recipient an estimate of the amounts expected to be invoiced for that month, including capital project work order numbers and other reasonable documentation to support the charges and distribution of charges.

Within fifteen (15) calendar days after the end of each calendar month during the term of this Agreement, the applicable Service Provider shall submit to each Service Recipient an itemized invoice (such invoice to set forth a description of the Services provided, including capital project work order numbers and other reasonable documentation to support the charges and distribution of charges thereon and any sales, use and other similar taxes imposed on the sale of such Services) (an "Invoice") for all Services provided to each Service Recipient during such calendar month and any outstanding reimbursable expenses or charges incurred by such Service

Provider hereunder and the amount payable by each Service Recipient for such Services and expenses or charges pursuant to this Agreement.

(c) Subject to subsections (d), (e) and (f) below, each Service Recipient shall pay in full any amount payable to Service Provider hereunder within thirty (30) Business Days of receipt of the applicable Invoice in accordance with any wire instructions set forth on the Invoice.

(d) If any Service Recipient disputes in good faith any portion of the amount due on any proper Invoice, such Service Recipient shall notify the applicable Service Provider in writing of the nature and basis of the dispute within twenty (20) Business Days after Service Recipient's receipt of such Invoice; provided, however, that the Service Recipient shall be required to pay any amount in dispute. Otherwise, the amount stated on the Invoice shall be deemed to be accurate and correct and shall not be subject to dispute or contest by any Service Recipient or any Affiliate thereof. The Parties shall use their reasonable best efforts to resolve the dispute prior to the payment due date and thereafter. Upon a resolution of any dispute, the applicable Party will refund to the other Party the amount that has been agreed by such Parties.

(e) Any applicable federal, state and local sales, excise, ad valorem, use or similar taxes, if any, imposed in connection with the Services, except for federal, state and local income taxes payable by any Service Provider, will be reimbursed by Service Recipients.

(f) Any amount not paid by Service Recipients when due hereunder shall bear interest at a rate equal to the Interest Rate, per annum, accrued from the due date of such payment until such payment is actually received by the applicable Service Provider.

6. **Service Coordinators**. Service Recipients and Service Providers shall create a transition committee (the "Transition Committee") and each group of Service Recipients and Service Providers shall appoint one (1) senior representative and an alternate in case such person is not available from time to time to the Transition Committee for the Term (each such person, a "Service Coordinator"). The names, contact information and title of the initial Service Coordinators and their alternates are set forth on Exhibit B. Each Service Coordinator shall have the authority and responsibility to:

(a) oversee matters relating to the respective appointing Party that are set forth in this Agreement;

(b) represent the appointing Party in relation to this Agreement and make appropriate decisions on day-to-day issues subject to the terms of this Agreement;

(c) coordinate the technical aspects of the Services and consult on the operation and management of the Services;

(d) monitor any Party's compliance with its obligations under this Agreement and review the performance of the Services; and

(e) facilitate the resolution of any dispute between the Parties, according to Section 12 and Exhibit C.

7. **Books and Records**. Each Service Provider shall keep records and books of account showing all charges, disbursements or expenses made or incurred by it in performing the Services and shall preserve such records and books of account for a period of six (6) years following incurrence of such expenses, or longer if required by applicable law; provided, that this Section 7 does not preclude any Service Provider from preserving such records for a longer period pursuant to its records management programs, policies or procedures.

8. **Access to Records; Audits**.

(a) During the Term of this Agreement and for a period of four (4) years thereafter, and subject to the terms of this Agreement (including, without limitation, Section 7 above) Service Recipients, directly or through authorized representatives, at such Service Provider's facilities shall, upon ten (10) calendar days' prior written notice to the applicable Service Provider, during Service Provider's business hours, have access to and the right to inspect and make copies of any and all books, records (including training records of applicable personnel providing Services), accounts, invoices, canceled checks, payrolls and other documents and papers of every kind held by such Service Provider pertaining to the performance of the Services and all charges, disbursements and expenses made or incurred by such Service Provider in performing the Services and all information related to the calculation of overhead costs by such Service Provider. In addition, Service Recipients, at their sole cost and expense, may from time to time but not more than two (2) times during the Term and for a period of six (6) months thereafter (and not more than two (2) times during any six (6) month period or as more frequently required by a Governmental Authority) audit any document, information or matter reasonably relating to Service Provider's invoicing under this Agreement through its own staff or through contractors, agents, auditors or advisers, provided that such persons are bound by a confidentiality provision substantially similar to that contained in Section 10. Subject to compensation under Section 5, the applicable Service Provider agrees to reasonably cooperate with any request by any Service Recipient to have access to and inspect or audit such materials; provided that such Service Recipient will permit the applicable Service Provider the opportunity to deliver any information required by Service Recipient prior to such Service Recipient carrying out any inspection or audit hereunder which may render an inspection or audit

visit unnecessary. Notwithstanding the foregoing, in no event shall such Service Recipient have access to records related to employee personnel matters, tax matters, or privileged or confidential materials; unless, with respect to confidential materials that do not otherwise constitute employee personnel matters, tax matters or privileged materials, access is required by applicable law or an order by a Governmental Authority (but, in all events, subject to the provisions of Section 10).

(b) Without prejudice to any Party's other rights under this Agreement, if any Service Recipient's exercise of its rights under this Section results in audit findings that any Party has failed to perform its material obligations under this Agreement, such Service Recipient will make the audit findings available to such Service Provider, and the Parties will use all reasonable efforts to agree to a remedial plan and a timetable for achievement of the planned actions and/or improvements. Following agreement of the timetable, such Service Provider will implement that plan in accordance with the agreed timetable and will confirm its completion by a notice in writing to such Service Recipient. If such Service Provider fails to agree or implement such plan, such Service Recipient will be entitled to terminate this Agreement or any part thereof pursuant to the provisions of Section 9. If any Service Recipient's exercise of its rights under this Section results in audit findings that any Reimbursable Costs have been overpaid by any Service Recipient, then upon receiving notice of such audit findings, and review of and agreement to the audit results by Service Provider, the appropriate reduction will be made to the next applicable Invoice(s) or, if there is no further Invoice, Service Provider shall refund such amount promptly (but in any event within thirty (30) business days).

9. **Term and Termination**.

(a) Term. The term of this Agreement shall commence as of the date hereof and shall continue for a period of twelve (12) months thereafter, unless earlier terminated pursuant to the terms of this Agreement (as may be extended pursuant to this Section 9(a), (the "Term")) If, but only to the extent, reasonably necessary to continue the transition of any Service from Service Provider to other providers (including any Service Recipient or its Affiliates), any Service Recipients may elect, by delivering written notice to the Service Provider no later than three (3) months prior to the end of the then in effect Term, to extend any such Service and the term of this Agreement with respect to such Service by a period of up to six (6) months. Service Recipients shall have the right to elect to extend the term of this Agreement in accordance with this Section 9(a) up to, but no more than, two (2) times. After the expiration of the Term, the Parties shall not have a duty to provide Services or to negotiate regarding the extension of the Term except as set forth in this Section 9(a). If a Service Recipient elects to extend this Agreement for six months under this Section 9(a),

Service Recipient will report to FERC prior to the beginning of any extended term of this Agreement, the services that will continue to be provided by Service Provider and when the provision of those services will be completely transitioned to the Service Recipient or third parties.

(b) Termination for Cause. Any Service Recipients or any Service Provider that is not a Defaulting Party as defined herein (a "Non-defaulting Party") may terminate this Agreement or the provision of any portion of the Services to be provided by the applicable Service Provider hereunder, at any time and, subject to any limitations under this Agreement, pursue all rights and remedies available to it at law, in equity or otherwise if any of the following shall occur with respect to any other Party (the "Defaulting Party"): (i) any Defaulting Party fails to pay any obligation hereunder when due and such failure continues for twenty (20) Business Days after receipt of notice of such failure from any Non-defaulting Party (excluding any charges disputed in good faith in accordance with Section 5(d)); (ii) any Defaulting Party fails to perform any material obligation hereunder (other than payment obligations) and such failure continues for at least twenty (20) Business Days after receipt of written notice of such failure from any Non-defaulting Party, provided, that if the Defaulting Party begins promptly and diligently to cure such breach in accordance with this provision and such breach is not capable of being cured within such twenty (20) Business Day period, the Defaulting Party shall have up to an additional twenty (20) Business Days to cure such breach if it demonstrates that it is reasonably capable of curing such breach within such additional twenty (20) Business Day period; or (iii) the Defaulting Party becomes insolvent or bankrupt, becomes the subject of an "order of relief" as that term is defined in the United States Bankruptcy Code, has a receiver or trustee appointed over its property or makes any assignment for the benefit of its creditors.

(c) Termination by Mutual Consent. The provision of any portion of the Services by any Service Provider hereunder, may be terminated at any time upon the mutual written consent of the applicable Service Provider and applicable Service Recipient. This Agreement may be terminated at any time upon the mutual consent of all of the Parties.

(d) Termination for Convenience. Notwithstanding anything else set forth herein, Service Recipient may, upon not less than two (2) months prior written notice to Service Provider, terminate or suspend the provision by any Service Provider of any particular Service or portion of the Services that Service Recipient elects to perform using its own employees or another service provider selected by Service Recipient in its sole discretion; provided, that the applicable Parties shall cooperate in good faith (i) if applicable, to implement a mutually agreeable plan for the transition to Service Recipient or any Replacement Service Provider of

such services and (ii) to amend the Schedules as necessary or appropriate to reflect the termination of the provision by such Service Provider of such Services. Nothing in this Agreement shall require any Service Recipient to obtain from any Service Provider any Service in any particular minimum volume or with any particular minimum frequency.

(e) Payment after Termination. Upon the early termination of this Agreement (or any applicable portion thereof) for any reason, Service Recipient shall be responsible for any additional charges incurred as a result of such early termination, subject to the applicable Service Provider's duty to reasonably mitigate such costs.

(f) Return of Leased Property or Licensed Software. Each Service Recipient shall be liable for all costs and expenses incurred by each Service Provider or any of its Affiliates resulting from any delay or failure of such Service Recipient to return to such Service Provider or any licensor, as applicable, any leased property or licensed software that is included as part of the Services provided to such Service Recipient upon (i) the termination of the relevant Services as provided herein, or (ii) the expiration of the term of the applicable lease or license, provided that such Services Provider has provided such Service Recipient with at least thirty (30) days prior written notice of such expiration.

(g) Final Accounting. Within one hundred twenty (120) days of completion of the Services, each Service Provider shall perform a final accounting of the Reimbursable Costs under this Agreement. Should there be any remaining reimbursable costs or any overpayments, Service Provider will issue a final invoice to each Service Recipient and, subject to Section 5(d), the owing Party shall remit payment to the owed Party within thirty (30) days of receipt of such invoice.

10. **Confidentiality**.

(a) The Parties shall hold, and shall cause each of their respective Affiliates to hold, and each of the foregoing shall cause their respective directors, officers, employees, agents, consultants and advisors to hold, in strict confidence, and not to disclose or release or use, for any purpose other than as expressly permitted pursuant to this Agreement, without the prior written consent of the other Party, any and all Confidential Information concerning the other Party or such Party's Affiliates; provided, that the Parties may disclose, or may permit disclosure of, Confidential Information (i) to their respective auditors, attorneys, financial advisors, bankers and other appropriate consultants and advisors who have a need to know such information for auditing and other non-commercial purposes and are informed of their obligation to hold such information confidential to the same extent as is applicable to the Parties and in respect of whose

failure to comply with such obligations, the applicable Party will be responsible, (ii) if the Parties or any of their respective Affiliates are required or compelled to disclose any such Confidential Information by judicial or administrative process or by other requirements of Law or stock exchange rule, (iii) as required in connection with any legal or other proceeding by one Party against any other Party or, (iv) as necessary in order to permit a Party to prepare and disclose its financial statements, or other required disclosures required by Law or such applicable stock exchange. Notwithstanding the foregoing, in the event that any demand or request for disclosure of Confidential Information is made pursuant to clause (ii) above, each Party, as applicable, shall promptly notify the other of the existence of such request or demand and, to the extent commercially practicable, shall provide the other Party thirty (30) calendar days (or such lesser period as is commercially practicable) to seek an appropriate protective order or other remedy, which such Parties will cooperate in obtaining. In the event that such appropriate protective order or other remedy is not obtained, the Party whose Confidential Information is required to be disclosed shall or shall cause the other applicable Party or Parties to furnish, or cause to be furnished, only that portion of the Confidential Information that is legally required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such information.

(b) Upon the written request of a Party, the other Party shall take reasonable steps to promptly (i) deliver to such requesting Party all original copies of Confidential Information (whether written or electronic) concerning such requesting Party and/or its Affiliates that is in the possession of the non-requesting Party and that is not material to and is neither required by nor relates to the business of the non-requesting Party and (ii) if specifically requested by such requesting Party, destroy any copies of such Confidential Information (including any extracts therefrom), unless such delivery or destruction would violate any Law; provided, that the non-requesting Party shall not be obligated to destroy Confidential Information that is required by or relates to the business of such Party. Upon the written request of such requesting Party, the other Party shall cause one of its duly authorized officers to certify in writing to such requesting Party that the requirements of the preceding sentence have been satisfied in full.

11. Disclaimer of Representations and Warranties. **EXCEPT AS EXPRESSLY PROVIDED IN SECTION 2, OR OTHERWISE IN ANY SCHEDULE HERETO, EACH PARTY ACKNOWLEDGES AND AGREES THAT NEITHER ANY SERVICE PROVIDER NOR ANY MEMBER OF ITS GROUP MAKES ANY REPRESENTATIONS OR WARRANTIES, WHETHER STATUTORY, EXPRESS, OR IMPLIED, TO ANY SERVICE RECIPIENT OR ANY OF ITS SUBSIDIARIES WITH RESPECT TO THE SERVICES, THE STANDARD OR LEVEL OF CARE, QUALITY, SKILL OR WORKMANSHIP**

OF THE SERVICES, ANY EQUIPMENT OR MATERIALS PROVIDED UNDER THIS AGREEMENT, OR OTHERWISE HEREUNDER, INCLUDING ANY WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, OR ANY WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE.

12. **Dispute Resolution**. Without limiting any of the rights of the Parties under this Agreement, all disputes, claims or controversies arising under this Agreement, the Schedules hereto or the Services performed hereunder shall be resolved through the dispute resolution provisions contained in Exhibit C.

13. **Indemnification**.

(a) Indemnification by Service Recipient. Except where a Service Recipient Indemnitee is entitled to indemnification by a Service Provider under Section 13(b)(ii), and except as provided in Section 13(d), each Service Recipient shall, severally, not jointly, indemnify and hold each Service Provider, each of their Affiliates, and each of their respective officers, directors, managers, employees, attorneys, agents, subagents, contractors and subcontractors (each a "Service Provider Indemnitee"), harmless against any damages, liabilities, penalties, fines, judgments, assessments, losses, fees, costs or expenses (including, without limitation, reasonable fees and expenses of counsel) arising in connection with any Action, demand, suit or cause of action (each a "Claim"), to the extent resulting from any act done or suffered by any Service Provider, its Affiliates, employees (or their heirs or beneficiaries) or contractors (or their heirs or beneficiaries) in connection with its performance under this Agreement; provided, that Service Recipient shall not be required to hold any Service Provider Indemnitee harmless pursuant to this Section 13(a) to the extent any such Claim has arisen as a result of the willful misconduct, bad faith or gross negligence of any Service Provider. The obligations under this Section 13(a) shall survive the termination or expiration of this Agreement.

(b) Indemnification by Service Provider. Except as provided in Section 13(d), each Service Provider shall, severally, not jointly, indemnify and hold Service Recipients, each of their Affiliates, and each of their respective officers, managers, directors, employees, attorneys, agents, subagents, contractors and subcontractors (each a "Service Recipient Indemnitee") harmless against any damages, liabilities, penalties, fines, judgments, assessments, losses, fees, costs or expenses (including, without limitation, reasonable fees and expenses of counsel) arising in connection with any (i) Claim to the extent resulting from the willful misconduct, bad faith or gross negligence of such Service Provider, such Service Provider's Affiliates, or the respective officers, directors, attorneys, employees, agents, subagents or contractors of each in the performance of Services hereunder by such Service Provider and (ii) Claims brought by such

Service Provider's employees and contractors, except (A) any such Claim that has primarily arisen as a result of the willful misconduct, bad faith or gross negligence of any Service Recipient Indemnitee, or (B) acts of discrimination, harassment, retaliation, defamation or other intentional torts committed by any Service Recipient Indemnitee. The obligations under this Section 13(b) shall survive the termination or expiration of this Agreement.

(c) Defense of Indemnified Claims.

(i) If any Service Provider Indemnitee or any Service Recipient Indemnitee (an "Indemnitee") receives notice of any claim (including, without limitation, the commencement of any Action) with respect to which a Service Provider or Service Recipient is obligated to provide indemnification (the "Indemnitor"), the Indemnitee shall promptly give the Indemnitor written notice of such Claim, provided, that Indemnitee's failure or delay in providing such notice shall not affect Indemnitor's indemnity obligation hereunder except to the extent Indemnitor's ability to defend or settle a Claim is materially impaired thereby. The notice shall specify, if known, the nature of the Claim and the amount or an estimate of the amount of liability arising from the Claim.

(ii) The Indemnitee shall permit the Indemnitor to assume the defense of any such Claim if Indemnitor, in its sole discretion, chooses to do so; provided, that counsel for the Indemnitor, who shall conduct the defense of the Claim, shall be approved by the Indemnitee, whose approval shall not be unreasonably withheld. Notwithstanding the foregoing, (A) if the Indemnitee reasonably determines that there may be a conflict between the positions of the Indemnitor and the Indemnitee in connection with the Claim, or that there may be legal defenses available to the Indemnitee different from or in addition to those available to the Indemnitor, then counsel for the Indemnitee shall be entitled to conduct a defense to the extent reasonably necessary to protect the interests of the Indemnitee, at Indemnitor's reasonable cost and expense and (B) in any event, the Indemnitee shall be entitled, at its own cost and expense, to have Indemnitee's counsel participate in, though not conduct, the defense.

(iii) The Indemnitor shall not, except with the consent of each Indemnitee, consent to the entry of any judgment, or enter into any settlement that (i) does not include as an unconditional term the giving by the claimant or plaintiff to the Indemnitee a release from all liability in respect of the Claim or (ii) includes any injunctive relief affecting the Indemnitee or any admission of guilt or wrongdoing with respect to the Indemnitee. The Indemnitee shall

not settle or compromise any Claim for which it asserts a right to indemnification without the prior written consent of the Indemnitor, which consent shall not be unreasonably withheld. If Indemnitee settles or compromises a Claim without the prior written consent of the Indemnitor, the Indemnitor shall have no obligation to indemnify Indemnitee for such Claim.

(d) **NO PARTY, NOR ANY OF ITS AFFILIATES OR AGENTS, OR THEIR RESPECTIVE DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, AGENTS, SUBAGENTS, CONTRACTORS, SUBCONTRACTORS OR REPRESENTATIVES, SHALL BE LIABLE UNDER THIS AGREEMENT TO ANY OTHER PARTY, OR ANY OTHER PARTY'S AFFILIATES, AGENTS OR THEIR RESPECTIVE DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, AGENTS, SUBAGENTS, CONTRACTORS, SUBCONTRACTORS OR REPRESENTATIVES, FOR ANY INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF, OR IN ANY WAY RELATED TO, THE SERVICES PROVIDED UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, (I) ANY ALLEGED BREACH OF FIDUCIARY DUTY, (II) LOSS OF PROFITS OR BUSINESS OPPORTUNITIES, (III) DAMAGES SUFFERED AS A RESULT OF THE LOSS OF THE USE OF THE FACILITIES OR EQUIPMENT, (IV) COST OF PURCHASED OR REPLACEMENT POWER, (V) COST OF CAPITAL, (VI) DAMAGE TO REPUTATION, (VII) DAMAGE TO CREDIT WORTHINESS OR CREDIT STANDING OR (VIII) DIMINUTION OF STOCK PRICE OR VALUE, WITH RESPECT TO ANY CLAIM BASED ON OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, WHETHER ARISING IN CONTRACT (INCLUDING, WITHOUT LIMITATION, BREACH OF WARRANTY), TORT (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE, STRICT LIABILITY OR BREACH OF FIDUCIARY DUTY), UNDER THE LAWS OF REAL PROPERTY, OR UNDER ANY OTHER LEGAL OR EQUITABLE THEORY AND REGARDLESS AS TO WHETHER ANY OR ALL OF THE PARTIES KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES.**

14. Intellectual Property and Data.

(a) Service Recipient Data. Service Recipients shall own all Service Recipient Data. "Service Recipient Data" means all (x) data and information legally or beneficially owned by any Service Recipient (or their Affiliates) prior to the execution of this Agreement, whether in the

possession of any Service Provider, any Service Recipient or any of their respective Affiliates, and (y) data, information and reports comprising the results of data processing and other operations undertaken by any Service Provider in providing the Services, but excluding (i) system configuration, monitoring, performance and other technical and operational data and information relating to any Service Provider Infrastructure (including any such data and information generated in providing the Services) and (ii) data and information (other than Service Recipient Data) owned or held by any Service Provider (or their Affiliates) prior to the performance of the applicable Services for any Service Recipient.

(b) Work Product.

(i) Except as expressly set forth in Section 14(a), any and all Work Product created under this Agreement by a Party shall be owned exclusively by the Service Recipients, except any enhancements or other modifications that may be made to any Service Provider Infrastructure to provide any Services to any Service Recipient shall be owned exclusively by such Service Provider.

(ii) To the extent that any right, title or interest in or to any Intellectual Property Rights or data vests in a Party or its Affiliates, by operation of law or otherwise, in a manner contrary to the agreed upon ownership as set forth in this Agreement, such Party shall, and hereby does, perpetually and irrevocably assign to the other relevant Party any and all such right, title and interest throughout the world in and to such Intellectual Property Rights and data, free and clear of all liens and encumbrances, to the other relevant Party without the need for any further action by any Party. Each Party will, and will cause its Affiliates (and its and their respective agents and contactors) to, take all acts and execute all documents necessary to secure the other relevant Party's ownership rights, as reasonably requested by the relevant Party intended to own the same under this Section 14.

(c) Intellectual Property Licenses – To Service Recipient.

(i) With respect to any Work Product (i) for which a copy is specifically delivered to any Service Recipient as part of the Services (as opposed to used by or on behalf of any Service Provider for the benefit of, but not delivered to, any Service Recipient) and (ii) owned by any Service Provider, all Service Providers and all Service Recipients agree that such Work Product is deemed licensed to the Service Recipients, from and after its delivery to the Service Recipients, pursuant to and in accordance with the terms and conditions of the Utility OpCo Software/IP License Agreements.

(ii) Subject to the terms and conditions of this Agreement, and any third party agreements pursuant to which any Service Provider obtains rights to the applicable Intellectual Property Rights and data, all Service Providers hereby grant to all Service Recipients a limited, non-exclusive, non-sublicensable (except to their Affiliates, and to their contractors solely for performing services for the benefit of the Service Recipients and their Affiliates), non-transferable (except as part of a permitted assignment of this Agreement pursuant to Section 16), royalty-free license to make a reasonable number of copies of, and use (and to the extent expressly agreed to by any Service Provider, to create derivative works from and otherwise modify), during the Term, such Intellectual Property Rights or data (other than Service Recipient Data and Work Product licensed pursuant to Section 14(c)(i)) that is provided or otherwise made available by or on behalf of any Service Provider to any Service Recipient for that Service Recipients' and its Affiliates' receipt and use of the Services under this Agreement. The foregoing license grant is (1) limited to use of such Intellectual Property Rights and data in connection with the Services, and (2) granted on an "AS IS, WHERE IS" basis, with all faults, and at the relevant Service Recipient's sole risk.

(d) Intellectual Property Licenses – To Service Provider.

(i) Subject to the terms and conditions of this Agreement, and any third party agreements pursuant to which any Service Recipient obtains rights to the applicable Intellectual Property Rights and data, Service Recipients hereby grant to Service Providers a limited, non-exclusive, non-sublicensable (except to their Affiliates, and to their contractors solely for performing services for the benefit of any Service Provider and its Affiliates), non-transferable (except as part of a permitted assignment of this Agreement pursuant to Section 16), royalty-free license to make a reasonable number of copies of, and use (and to the extent expressly agreed to by any Service Recipient or contemplated by the Services, to create derivative works from and otherwise modify), during the Term, such Intellectual Property Rights or data that is provided or otherwise made available by or on behalf of any Service Recipient to any Service Provider for that Service Provider's and its Affiliates' (and their contractors') provision of the Services under this Agreement. The foregoing license grant is limited to use of such Intellectual Property Rights and data in connection with the Services and granted on an "AS IS, WHERE IS" basis, with all faults, and at the relevant Service Provider's sole risk, provided that the foregoing disclaimer and assumption

of risk is subject to and shall not limit the relevant Service Recipient's indemnification obligations set forth in Section 13(a).

(e) Access to Data. Without limiting the foregoing in this Section 14, and subject to applicable law, regulation and privacy policies, each Service Provider will use commercially reasonable efforts to promptly provide to each Service Recipient the Service Recipient Data and the Work Product to which each Service Recipient has a perpetual license pursuant to Section 14(c)(i), in accordance with any mutually agreed delivery schedule. Such data shall be delivered in a mutually agreed format (but in no event other than a generally commercially available format if the Parties are unable to agree on format). Service Recipients shall be responsible for the actual out of pocket costs of Service Providers for such deliveries, to the extent such costs are not already included in the cost for the associated Services.

(f) Reservation of Rights. Except as set forth in the preceding sections of this Section 14, all Service Providers and their Affiliates, and their licensors, on the one hand, and all Service Recipients and their Affiliates, and their licensors, on the other hand, retain all right, title and interest in and to their respective Intellectual Property Rights and data, and no other license or other right, express or implied, is granted to any Party with respect to the other Parties' and their Affiliates', and their licensors', Intellectual Property Rights or data under this Agreement. Notwithstanding the foregoing, each Party and its Affiliates may independently create or acquire any Intellectual Property Rights or data that is the same or similar to the Intellectual Property Rights or data deemed to be owned by the other Party hereunder; provided that such independent creation or acquisition is not breach of the obligations set forth in Section 10 regarding confidentiality.

15. **Notices**. All notices, requests, permissions, waivers and other communications hereunder shall be in writing and shall be deemed to have been duly given (a) five (5) Business Days following sending by registered or certified mail, postage prepaid, (b) when sent, if sent by facsimile, provided, that the facsimile transmission is promptly confirmed and any facsimile transmission received after 5:00 p.m. Eastern time shall be deemed received at 9:00 a.m. Eastern time on the following Business Day, (c) when delivered, if delivered personally to the intended recipient and (d) one (1) Business Day following sending by overnight delivery via a national courier service and, in each case, addressed to a Party at the following address for such Party:

If to Service Provider:

If to ESI:

Entergy Services, Inc.
639 Loyola Avenue
New Orleans, Louisiana 70113
Attn: J. Wayne Leonard, Chief Executive Officer
Facsimile: (504) 576-2776

If to Arkansas OpCo:

Entergy Arkansas, Inc.
425 West Capitol Avenue
Little Rock, Arkansas 72201
Attn: Hugh T. McDonald, Chairman of the Board, President and Chief Executive Officer
Facsimile: (501) 377-3599

If to Gulf States OpCo:

Entergy Gulf States Louisiana, L.L.C.
446 North Boulevard
Baton Rouge, Louisiana 70802
Attn: William H. Mohl, Chairman of the Board, President and Chief Executive Officer
Facsimile: (225) 381-5749

If to Louisiana OpCo:

Entergy Louisiana, LLC
4809 Jefferson Highway
Jefferson, Louisiana 70121
Attn: William H. Mohl, Chairman of the Board, President and Chief Executive Officer
Facsimile: (225) 381-5749

If to Mississippi OpCo:

Entergy Mississippi, Inc.
308 East Pearl Street
Jackson, Mississippi 39201
Attn: Haley R. Fisackerly, Chairman of the Board, President and Chief Executive Officer
Facsimile: (601) 969-2400

If to New Orleans OpCo:

Entergy New Orleans, Inc.
505 Magnolia Street
New Orleans, Louisiana 70119
Attn: Charles L. Rice, Jr., Chairman of the Board, President and Chief Executive Officer

	Facsimile: (504) 670-3605
If to Texas OpCo:	Entergy Texas, Inc. 350 Pine Street Beaumont, Texas 77701 Attn: Sallie Rainer, Chairman of the Board, President and Chief Executive Officer Facsimile: (409) 981-2449
in each case, with a copy to (which shall not constitute notice):	Skadden, Arps, Slate, Meagher & Flom LLP 1440 New York Avenue, N.W. Washington, D.C. 20005 Attn: Pankaj K. Sinha, Esq. Michael P. Rogan, Esq. Facsimile: (202) 393-5760
<u>If to Service Recipient:</u> If to AR Wires Sub:	Transmission Company Arkansas, LLC c/o ITC Holdings Corp. 27175 Energy Way Novi, MI 48377 Attn: Daniel J. Oginsky, Senior Vice President and General Counsel Facsimile: (248) 946-3562
If to LA 1 Wires Sub:	Transmission Company Louisiana I, LLC c/o ITC Holdings Corp. 27175 Energy Way Novi, MI 48377 Attn: Daniel J. Oginsky, Senior Vice President and General Counsel Facsimile: (248) 946-3562
If to LA 2 Wires Sub:	Transmission Company Louisiana II, LLC c/o ITC Holdings Corp. 27175 Energy Way Novi, MI 48377 Attn: Daniel J. Oginsky, Senior Vice President and General Counsel Facsimile: (248) 946-3562
If to MS Wires Sub:	Transmission Company Mississippi, LLC c/o ITC Holdings Corp.

	27175 Energy Way Novi, MI 48377 Attn: Daniel J. Oginsky, Senior Vice President and General Counsel Facsimile: (248) 946-3562
If to NOLA Wires Sub:	Transmission Company New Orleans, LLC c/o ITC Holdings Corp. 27175 Energy Way Novi, MI 48377 Attn: Daniel J. Oginsky, Senior Vice President and General Counsel Facsimile: (248) 946-3562
If to TX Wires Sub:	Transmission Company Texas, LLC c/o ITC Holdings Corp. 27175 Energy Way Novi, MI 48377 Attn: Daniel J. Oginsky, Senior Vice President and General Counsel Facsimile: (248) 946-3562
with a copy to (which shall not constitute notice):	Simpson Thacher & Bartlett LLP 425 Lexington Avenue New York, NY 10017-3954 Attn: Andrew W. Smith, Esq. Facsimile: (212) 455-2502

16. **Assignability; Binding Effect**. This Agreement is not assignable by any Party without the prior written consent of the other Parties and any attempt to assign this Agreement without such consent shall be void and of no effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

17. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

18. **Interpretation**.

(a) The article, section and schedule headings contained in this Agreement are for reference purposes only and are not part of this Agreement and shall not, in any way, affect the meaning or interpretation of this Agreement.

(b) This Agreement shall not be construed more strongly against any Party hereto regardless of which Party is responsible for its preparation, it being agreed that this Agreement was fully negotiated by both Parties. Notwithstanding anything else herein to the contrary, this Agreement shall be construed consistent with all rules, requirements and procedures of the FERC and any other applicable regulatory authority.

19. **Excusable Delays**. If because of Force Majeure, a Party is unable to carry out its obligations (other than the obligation to make a payment) as provided for pursuant to this Agreement, and upon such Party giving written notice to the other Party of such Force Majeure, then such Party's obligation to perform shall be suspended from and after the date of the notice to the extent made necessary by such Force Majeure and during its continuance. The notice shall specify the nature of the Force Majeure, the obligation that such Party is unable to perform or furnish due to Force Majeure, and such Party's best estimate of the probable duration of the Force Majeure. Each Party shall use commercially reasonable efforts to avoid or eliminate such Force Majeure insofar as possible with a minimum of delay and to resume performance as soon as and to the extent practicable.

20. **Insurance**.

(a) At all times during the term of this Agreement, the Parties agree to maintain, at their own cost and expense, general and automobile liability and worker's compensation in the manner, and amounts, as are usual and customary for similarly situated companies. Notwithstanding any provision of this Agreement to the contrary, each Party may provide any of the insurance coverages required herein through a regularly maintained program of self-insurance. Each policy of insurance to be maintained hereunder shall name the other Party, including its Affiliates, and the officers, directors and employees of each, as additional insureds.

(b) Policies. Upon request, each Party shall provide to any other Party, properly executed and current certificates of insurance with respect to all insurance policies required to be maintained by such Party under this Agreement. Certificates of insurance shall provide the following information:

(i) name of insurance company, policy number and expiration date;

(ii) the coverage required and the limits on each, including the amount of deductibles or self-insured retentions, which shall be for the account of the Party maintaining such policy; and

(iii) a statement indicating that the other Party shall endeavor to provide notice of cancellation of any required insurance policies in accordance with policy provisions.

(c) Rating. Unless otherwise agreed, all insurance policies shall be obtained and maintained with companies rated A or better by Best's Key Rating Guide, and each party shall, upon request, provide the other party with an insurance certificate confirming compliance with the requirements of this Section 20(c).

(d) Subrogation. The Parties shall each obtain from the insurance companies providing the coverage required by this Agreement, the permission of such insurers to allow such Party to waive all rights of subrogation and such Party does hereby waive all rights of said insurance companies to subrogation against the other Party, its Affiliates, Subsidiaries, assignees, officers, directors and employees.

(e) Claims-Made Policies. If any insurance is written on a "claims made" or "claims first made" basis, the primary insured Party shall maintain the coverage for a minimum of three (3) years after the termination of this Agreement.

(f) Indemnification. In the event any Party fails to maintain the required insurance coverage and a Claim is made or suffered, such Party shall indemnify and hold harmless the other Parties from any and all claims for which the required insurance would have provided coverage.

21. **Entire Agreement**. This Agreement (including any and all Schedules, Exhibits and Attachments hereto) constitutes the entire agreement between the Parties concerning the subject matter of this Agreement and supersedes other prior agreements and understandings, both written and oral, between the Parties concerning the subject matter of this Agreement.

22. **Limit of Relationship; Statutory Employer**. No Party shall represent that an employer/employee, partnership, joint venture or agency relationship exists between them, nor shall any Party have the power nor will any Party represent that it has the power to bind the other Party hereto to any Contract. Notwithstanding any provision in this Agreement to the contrary, each Party mutually agrees that it is their intention to recognize the Service Recipient for the particular state as the statutory employer of any Service Provider's employees (whether direct employees or statutory employees) working in that particular state, in accordance with that state's applicable state law solely for purposes of providing each Service Recipient with statutory immunity from tort Claims under applicable state law, while the employees are performing Services. In connection with any Claims for personal injury or workers compensation made or payable to any employee of any Service Provider (or its heirs or beneficiaries), each Service Recipient shall seek coverage under such Service Recipient's applicable workers compensation policies in order to avoid or reduce the exposure of any indemnification obligation of any Service Provider under Section 13(a).

23. **Waiver**. No waiver, amendment, termination or discharge of this Agreement or any of the terms or provisions hereof, shall be binding upon any Party unless confirmed in writing. No waiver by any Party of any term or provision of this Agreement or of any default hereunder shall affect such Party's right thereafter to enforce such term or provision or to exercise any right or remedy in the event of any other default, whether or not similar.

24. **Severability**. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

25. **Binding Effect**. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

26. **Counterparts**. This Agreement may be executed in multiple counterparts (any one of which need not contain the signatures of more than one Party), each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. This Agreement, and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or other electronic transmission, shall be treated in all manner and respects as an original agreement and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of any Party, the other Party shall re-execute original forms thereof and deliver them to the requesting Party. No Party shall raise the use of a facsimile machine or other electronic means to deliver a signature or the fact that any signature was transmitted or communicated through the use of a facsimile machine or other

electronic means as a defense to the formation of a contract and each such Party forever waives any such defense.

27. **Further Assurances**. Upon the reasonable request of the other Party, each Party hereto agrees to take any and all actions necessary or appropriate to give effect to the terms set forth in this Agreement.

28. **Survival.** Notwithstanding any thing in this Agreement to the contrary, Sections 5, 7, 8, 9, 10, 11, 12, 13, and 14 shall survive any expiration or termination of this Agreement.

29. **Several Liability**. The obligations and liabilities under this Agreement of each Service Provider and each Service Recipient shall be several and not joint.

[Signature Pages Follow]

IN WITNESS WHEREOF, each Party has caused this Agreement to be signed by their respective duly authorized officers as of the date first above written.

SERVICE PROVIDERS

ENTERGY SERVICES, INC.

By: _____
Name:
Title:

ENTERGY ARKANSAS, INC.

By: _____
Name:
Title:

ENTERGY GULF STATES LOUISIANA, L.L.C.

By: _____
Name:
Title:

ENTERGY LOUISIANA, LLC

By: _____
Name:
Title:

ENTERGY MISSISSIPPI, INC.

By: _____
Name:
Title:

ENTERGY NEW ORLEANS, INC.

By: _____
Name:
Title:

ENTERGY TEXAS, INC.

By: _____
Name:
Title:

SERVICE RECIPIENTS

TRANSMISSION COMPANY ARKANSAS, LLC

By: _____
Name:
Title:

TRANSMISSION COMPANY LOUISIANA I, LLC

By: _____
Name:
Title:

TRANSMISSION COMPANY LOUISIANA II, LLC

By: _____
Name:
Title:

TRANSMISSION COMPANY MISSISSIPPI, LLC

By: _____
Name:
Title:

TRANSMISSION COMPANY NEW ORLEANS, LLC

By: _____
Name:
Title:

TRANSMISSION COMPANY TEXAS, LLC

By: _____
Name:
Title:

EXHIBIT A

SERVICES TO BE PROVIDED

EXHIBIT B

Service Coordinators

[To come]

EXHIBIT C

Dispute Resolution Provisions

Except as otherwise provided in this Agreement, in the event of a controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity, termination or breach of this Agreement or otherwise arising out of, or in any way related to this Agreement or the transactions contemplated hereby or thereby (collectively, the "Agreement Disputes"), the Service Coordinators shall negotiate in good faith for a reasonable period of time to settle such Agreement Dispute; provided, that (i) such reasonable period shall not, unless otherwise agreed by the relevant Parties in writing, exceed fifteen (15) calendar days from the time of receipt by a Party of written notice of such Agreement Dispute and (ii) the relevant employees from both Parties with knowledge and interest in the dispute shall first have tried to resolve the differences between the Parties. Nothing said or disclosed, nor any document produced, in the course of any negotiations, conferences and discussions in connection with efforts to settle an Agreement Dispute that is not otherwise independently discoverable shall be offered or received as evidence or used for impeachment or for any other purpose, but shall be considered as to have been disclosed for settlement purposes.

If a satisfactory resolution is not achieved between the Service Coordinators, upon mutual agreement by the Parties, the Parties may submit the dispute to non-binding mediation, or in the absence of such mutual agreement, any Party may resort to any other remedy available at law or equity.

SECTION 1 – FIELD SUPPORT SERVICES

Service Name	Service Description
1. Field Operating - Planned Maintenance Activities	Provide operating labor, materials and equipment for the switching and tagging of the transmission system where transmission resources are not geographically available as necessary to support planned maintenance work.
2. Field Operating - Unplanned Restoration Activities	Provide operating labor, materials and equipment for the switching and tagging of the transmission system where transmission resources are not geographically available as necessary to respond to unplanned events and outages.
3. Unplanned Restoration Activities	Provide labor, materials & equipment for the restoration and repair of the transmission system.
4. Project Construction	Provide necessary labor, materials and equipment to perform construction activities on projects (primarily distribution-related but that have transmission system components) that have commenced, but are not completed, prior to Closing.
5. Project Management	Provide project tracking and project management services for capital construction of projects (primarily distribution-related but that also involve transmission system assets and non-electrical portions of the transmission substations and dual function substations) that have commenced, but are not completed, prior to Closing.

6. Safety and Skills Training	Provide safety and skills-based training to field personnel.
7. Vehicles, Tools and Equipment	Provide use of agreed upon vehicles, tools and equipment necessary for the operation and maintenance of the transmission system.
8. Warehousing	Provide warehousing services for transmission materials to manage inventory, pull stock, and add to stock.
9. Warehousing Equipment	Provide use of agreed upon miscellaneous equipment for warehousing and management of warehouse inventory. (e.g. forklifts, cranes, etc.)
10. Materials Management	Provide materials management services necessary to perform capital projects on projects commenced, but not completed, prior to closing and related to the Transmission Business.
11. Maintenance Support	Provide necessary labor, materials and equipment, as described below, to perform maintenance activities on the transmission system.
	11.1 Provide agreed upon power equipment and relay test labor, materials and equipment for installation, testing and periodic maintenance of major equipment, relay systems, SCADA/RTU systems and fault recorder systems on the transmission system.
	11.2 Provide vegetation management services for transmission system easements and rights of way.

	11.3. Provide electrical labor, materials, miscellaneous materials, and equipment for the maintenance of the electrical portions of the transmission substations.
12. Telecom Support	Provide telecom engineering and consulting and field telecom support services for new or existing telecom infrastructure and equipment utilized in operation, monitoring and control of the transmission system.
	12.1 Administer and manage existing third-party telecom circuits used in operation, monitoring and control of the transmission system until service obligations are transferred to Service Recipient.

SECTION 2 – ENGINEERING SUPPORT SERVICES

Service Name	Service Description
1. Storage and Access to Engineering Drawings	Provide continued storage of and access to drawings, records and other technical information until separation can be completed.
2. Right of Way and Easement Acquisition	Provide technical support services (non-legal) for the acquisition of rights of way and easements for the transmission line projects commenced, but not completed, prior to closing and related to the Transmission Business.
3. Community Approval Process Support	Provide engineering assistance and consulting as requested in connection with the community approval process, including community approval meetings, zoning board of appeals meetings, community informational meetings and other related activities.
4. Acquisition of Permits	Provide assistance and consulting as requested in connection with acquisition and maintenance of various permits required to implement projects, including building, soil erosion control, wetlands, road ROW and state permits and other related activities.
5. Engineering Design and Document Management Support	Provide engineering and design services necessary to prepare construction documents for new installations and capital modifications to the transmission system for projects commenced, but not completed, prior to closing and related to the Transmission Business.

6. System Protection and SCADA Support	Provide system protection engineering and consulting services for new or existing relay protection and control schemes, SCADA systems, RTUs, and disturbance monitoring systems at transmission substations and dual function substations.
7. Engineering and Technical Support Services	Provide engineering and technical support services described below, as necessary, to provide scope review and estimates, review proposed project sketches, provide input to studies and other related services.
	7.1. Provide overhead lines engineering and technical support services related to the Transmission Business.
	7.2. Provide substation design engineering and technical support services related to the Transmission Business.

SECTION 3 – SITE ACCESS SERVICES

Service Name	Service Description
1. Physical Security Monitoring and Access Control	Provide physical security monitoring, access control and select security guard services for transferred facilities.
2. Physical Security Incident Response	Provide incident response and investigative services related to physical security for transferred facilities (e.g., for copper theft).

SECTION 4 – CORPORATE SUPPORT SERVICES

Service Name	Service Description
1. Data for Transmission Service Billing	Provide monthly load information and other data necessary for MISO billing process for transmission service until other meter data arrangements are completed.
2. OASIS Administration Support	Provide support in administration of Service Recipient's OASIS site.
3. Reissuance of Financial Statements, Consents, Comfort Letters, Agreed Upon Procedures and Reissuance of Independent Auditor Opinions	Provide re-issued financial statements previously delivered pursuant to Section 5.03 of the Merger Agreement and support new consents, comfort letters or agreed upon procedures relating to those financial statements as required for Service Recipient's future SEC, FERC or similar filings and Debt Offering memoranda. Service Provider to include customary management and legal representations as needed. Service Provider agrees to support its own Independent Auditors' requests related to any reissued opinion(s) on new financial statements.
4. Access to Business Systems	Provide access to business systems necessary for continuity of business and operations in accordance with the IT Implementation Plan (such business systems do not include Entergy's enterprise-wide systems such as PeopleSoft HR, PeopleSoft Financials, Indus Asset Suite, and PowerPlant) and services and support related thereto.

5. CIP Compliance	Provide ITC with NERC CIP Program governance support services as necessary to support policy, procedure, control, and process transition activities.
6. Building Facilities Operation and Maintenance	Provide continued operation and maintenance services for all buildings that are part of the transaction whether they are owned or leased.
7. Office Support Functions	Provide equipment use and support services to Service Recipient's employees that share office space with Service Provider's employees.
8. Regulatory Support	Provide information and access to relevant documents in connection with regulatory proceedings commenced, but not completed, prior to Closing (e.g., CCN proceedings, ERSC or other regulatory data requests).

FORM OF

TRANSITION SERVICES AGREEMENT

This Transition Services Agreement (this "Agreement") is dated as of [_____], by and among Transmission Company Arkansas, LLC, a Michigan limited liability company ("AR Wires Sub"), Transmission Company Louisiana I, LLC, a Michigan limited liability company ("LA 1 Wires Sub"), Transmission Company Louisiana II, LLC, a Michigan limited liability company ("LA 2 Wires Sub"), Transmission Company Mississippi, LLC, a Michigan limited liability company ("MS Wires Sub"), Transmission Company New Orleans, LLC, a Michigan limited liability company ("NOLA Wires Sub"), Transmission Company Texas, LLC, a Michigan limited liability company ("TX Wires Sub", and, together with AR Wires Sub, LA 1 Wires Sub, LA 2 Wires Sub, NOLA Wires Sub and MS Wires Sub, each a "Service Provider"), Entergy Arkansas, Inc., an Arkansas corporation ("Arkansas OpCo"), Entergy Gulf States Louisiana, L.L.C., a Louisiana limited liability company ("Gulf States OpCo"), Entergy Louisiana, LLC, a Texas limited liability company ("Louisiana OpCo"), Entergy Mississippi, Inc., a Mississippi corporation ("Mississippi OpCo"), Entergy New Orleans, Inc., a Louisiana corporation ("New Orleans OpCo") and Entergy Texas, Inc., a Texas corporation ("Texas OpCo" and, together with Arkansas OpCo, Gulf States OpCo, Louisiana OpCo, Mississippi OpCo and New Orleans OpCo, the "Utility OpCos") and Entergy Services, Inc., a Delaware corporation ("ESI"). Each Utility OpCo and ESI is referred herein, individually, as a "Service Recipient" and each Service Provider and each Service Recipient are referred herein, individually as a "Party" and, collectively, as the "Parties".

RECITALS

WHEREAS, Entergy Corporation, ultimate parent of each Service Recipient and a Delaware corporation ("Entergy"), ITC Holdings Corp., a Michigan corporation ("ITC"), Mid South TransCo LLC, a Delaware limited liability company ("TransCo"), and each Service Recipient have entered into a Separation Agreement dated as of December 4, 2011 (the "Separation Agreement"), pursuant to which the Transmission Business shall be transferred to Service Providers (the "Separation");

WHEREAS, Entergy, ITC, TransCo and Ibis Transaction Subsidiary LLC, a Delaware limited liability company ("Merger Sub") have entered into a Merger Agreement, dated as of December 4, 2011 (the "Merger Agreement"), pursuant to which Merger Sub shall be merged (the "Merger") with and into TransCo, with TransCo surviving the Merger as a wholly owned subsidiary of ITC and all of the common units representing limited liability company membership units of TransCo shall be converted into the right to receive shares of common stock of ITC;

WHEREAS, after the Separation, the Service Providers will own and operate the Transmission Business which was formerly owned and operated by the Utility OpCos (the "TransCo Transmission Business");

WHEREAS, each Service Provider and each Service Recipient desire to enter into an agreement whereby each Service Provider and its Affiliates, on the terms and conditions set forth in this Agreement, will provide certain Services to each Service Recipient exclusively for the benefit of such Service Recipient and not for the benefit of Entergy's other Affiliates other than other Service Recipients; and

WHEREAS, to facilitate the effective and efficient transfer of the Transmission Business from ownership and operation by Entergy and its Affiliates to ownership and operation by ITC's Affiliates, each Service Recipient desires to purchase and each Service Provider is willing to furnish certain services upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, each Service Provider and each Service Recipient agrees as follows:

1. **Definitions**.

Capitalized terms, as used herein, have the meanings set forth below or elsewhere in this Agreement.

(a) "Action" means any demand, charge, claim, action, suit, counter suit, arbitration, mediation, hearing, inquiry, proceeding, audit, review, complaint, litigation or investigation, or proceeding of any nature whether administrative, civil, criminal, regulatory or otherwise, by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

(b) "Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such other Person as of the date on which, or at any time during the period for which, the determination of affiliation is being made. For purposes of this definition, the term "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by Contract or otherwise.

(c) "Business Day" means any day that is not a Saturday, a Sunday or other day that is a statutory holiday under the federal Laws of the United States. In the event that any action is required or permitted to be taken under this Agreement on or by a date that is not a Business Day, such action may be taken on or by the Business Day immediately following such date.

(d) "Closing Date" means the date on which the consummation of the Merger occurs as provided in the Merger Agreement.

(e) "Code" means the United States Internal Revenue Code of 1986 (or any successor statute), as amended from time to time.

(f) "Confidential Business Information" means all Information, data or material other than Confidential Operational Information, including (i) earnings reports and forecasts, (ii) macro-economic reports and forecasts, (iii) business and strategic plans, (iv) general market evaluations and surveys, (v) litigation presentations and risk assessments, (vi) budgets and (vii) financing and credit-related information.

(g) "Confidential Information" means Confidential Business Information and Confidential Operational Information concerning a Party and/or its Affiliates which has been disclosed by a Party or its Affiliates to the other Party or its Affiliates in connection with this Agreement, in written, oral (including by recording), electronic or visual form, or otherwise has come into the possession of the other Party, including pursuant to the access provisions of this Agreement or the provision or receipt of Services (except to the extent that such information can be shown to have been (i) in the public domain through no action of such Party or its Affiliates, (ii) lawfully acquired from other sources by such Party or its Affiliates to which it was furnished, (iii) is independently developed by a Party or its Affiliates after the date hereof without reference to the Confidential Business Information or Confidential Operational Information of the other Party or its Subsidiaries and without a breach of this Agreement or (iv) approved for release by written authorization of the disclosing Party and/or the third-party owner of the disclosed information; provided, however, in the case of clause (ii) that, to the furnished Party's knowledge, such sources did not provide such information in breach of any confidentiality obligations).

(h) "Confidential Operational Information" means all operational Information, data or material including (i) specifications, ideas and concepts for products, services and operations, (ii) quality assurance policies, procedures and specifications, (iii) customer information, (iv) software, (v) training materials and information and (vi) all other know-how, methodologies, procedures, techniques and trade secrets related to design, development and operational processes.

(i) "Contract" means any legally binding written or oral agreement, contract, subcontract, lease, understanding, instrument, note, option, warranty, sales order, purchase order, license, sublicense, insurance policy, benefit plan or commitment or undertaking of any nature.

(j) "Debt Exchange" means the exchange by Entergy of the Entergy Exchangeable Debt for the TransCo Securities, as provided in Section 2.01(c) of the Separation Agreement.

(k) "Distribution" means Entergy's disposition of one hundred percent (100%) of the TransCo Common Units to its shareholders either (i) through a dividend of TransCo Common Units to Entergy shareholders on a pro rata basis (a "Spin-Off") or (ii) through an offer to exchange (an "Exchange Offer") TransCo Common Units for currently outstanding shares of Entergy's common stock ("Entergy Common Stock"), or a combination of a Spin-Off and Exchange Offer as Entergy may elect in its sole discretion, as provided in the Merger Agreement.

(l) "Entergy Contribution" means Entergy's contribution of the equity interests of each TransCo Sub to TransCo as provided in Section 1.06 of the Separation Agreement.

(m) "Entergy Exchangeable Debt" shall mean the notes or other forms of indebtedness issued by Entergy, or the agreements and other arrangements with unrelated creditors to purchase existing Entergy Corporate Debt, in connection with the Debt Exchange, as provided in Section 2.01(a) of the Separation Agreement.

(n) "Entergy Group" means Entergy and each of its Subsidiaries.

(o) "FERC" means the Federal Energy Regulatory Commission.

(p) "Force Majeure" means any cause or causes not reasonably within the control of a Party, occurring without the fault or negligence of such Party, and the effects of which could not have been avoided by such Party through the exercise of reasonable diligence.

(q) "Governmental Authority" means any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority or self-regulatory organization.

(r) "Information" means information in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, Contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data, but in any case excluding back-up tapes.

(s) "Intellectual Property Rights" means all worldwide intellectual property and industrial property rights, including without limitation, all (a) patents,

inventions, technology, processes and designs, (b) trademarks, trade names, service marks, domain names, logos, trade dress, and other source indicators, and all goodwill symbolized thereby, (c) copyrights, works of authorship, computer software and systems, (d) trade secrets, know-how, and tangible and intangible proprietary information and materials and (e) any applications, registrations, renewals, foreign counterparts, extensions, continuations, continuations-in-part, re-examinations, reissues, and divisionals of the foregoing.

(t) "Intended Tax-Free Treatment" means that (i) the Internal Restructuring qualifies as one or more reorganizations pursuant to Section 368(a) of the Code that is tax-free to Entergy and the Entergy Group, (ii) the Entergy Contribution, taken together with the Distribution, qualifies as a reorganization pursuant to Sections 368(a)(1)(D) and 355 of the Code that is tax-free to Entergy, the Entergy shareholders and TransCo, (iii) the Debt Exchange qualifies for tax-free treatment to Entergy pursuant to Section 361(c) of the Code and (iv) the Merger qualifies as a reorganization pursuant to Section 368(a) of the Code.

(u) "Interest Rate" means a fluctuating interest rate equal at all times to the prime rate, as reported in *The Wall Street Journal* on the last business day of the calendar month in which the applicable Invoice was received, plus one percent (1%), but in no case higher than the maximum rate permitted by Law.

(v) "Internal Restructuring" means the corporate restructuring steps set forth in Sections 1.02, 1.03, 1.04, and 1.05 of the Separation Agreement.

(w) "IRS" means the United States Department of the Treasury Internal Revenue Service.

(x) "Law" means any statute, law (including common law), ordinance, regulation, rule, code or other legally enforceable requirement of, or Order issued by, a Governmental Authority.

(y) "NERC" means the North American Electric Reliability Corporation or its successor organization.

(z) "Order" means any: (i) order, judgment, injunction, edict, decree, ruling, pronouncement, determination, decision, opinion, verdict, sentence, subpoena, writ or award issued, made, entered, rendered or otherwise put into effect by or under the authority of any court, administrative agency or other Governmental Authority or any arbitrator or arbitration panel or (ii) Contract with any Governmental Authority entered into in connection with any Action.

(aa) "Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a

joint venture, an unincorporated organization or a Governmental Authority.

(bb) "Ruling" means the private letter ruling, substantially to the effect that the Distribution, the Entergy Contribution, and the Internal Restructuring will qualify for the treatment described in clauses (i) through (iii) of the definition of Intended Tax-Free Treatment, including any amendment or supplemental ruling thereto, issued by the IRS in response to the Ruling Request.

(cc) "Ruling Request" means the private letter ruling request filed by Entergy with the IRS pursuant to the Merger Agreement.

(dd) "Service Provider Infrastructure" means the information technology systems, communications systems and other systems, hardware, software, processes, models, algorithms, know-how and other technology used by or on behalf of Service Provider in connection with the provision of any of the Services.

(ee) "Subsidiary" means, with respect to any Person, any corporation or other entity (including partnerships and other business associations and joint ventures) of which at least a majority of the voting power represented by the outstanding capital stock or other voting securities or interests having voting power under ordinary circumstances to elect directors or similar members of the governing body of such corporation or entity (or, if there are no such voting interests, fifty percent (50%) or more of the equity interests in such corporation or entity) shall at the time be held, directly or indirectly, by such Person.

(ff) "Tax Opinion" means the written opinion of Cooley LLP, counsel to Entergy, dated as of the Closing Date, in form and substance reasonably satisfactory to Entergy, to the effect that (A) the Internal Restructuring will qualify as one or more tax-free reorganizations pursuant to Section 368(a) of the Code that is tax-free to Entergy and the Entergy Group, (B) the Entergy Contribution, taken together with the Distribution, will qualify as a tax-free reorganization pursuant to Sections 368(a)(1)(D) and 355 of the Code that is tax-free to Entergy, the Entergy shareholders and TransCo, (C) the Debt Exchange will qualify for tax-free treatment to Entergy under Section 361(c) of the Code, and (D) the Merger will not cause Section 355(e) of the Code to apply to the Distribution.

(gg) "TransCo Common Units" means the common units representing limited liability company membership interests of TransCo.

(hh) "TransCo Securities" means the senior securities of TransCo issued by Entergy pursuant to Sections 1.06 and 2.01(b) of the Separation Agreement.

(ii) "Transmission" means the movement, delivery or transfer of electric energy through interconnected lines and associated equipment at nominal voltages that are greater than or equal to 69 kV between points of supply and points at which it is transformed for delivery to customers or is delivered to other electric systems.

(jj) "Transmission Assets" means the transmission assets of each Service Provider transferred pursuant to and subject to the conditions of the Separation Agreement.

(kk) "Transmission Business" means the business function of Entergy conducted by the Entergy Group (including the Utility OpCos) through the ownership, operation, management and maintenance of and investment in assets for Transmission; provided, however, the Transmission Business shall not include any Transmission Assets owned or used by Entergy's Wholesale Commodities reporting segment (as described in Entergy's Securities and Exchange Act of 1934 filings).

(ll) "Work Product" means reports, surveys, promotional materials, photographs, logos, artwork, graphics, signs, computer code, software, scripts, processes, models, algorithms, know-how, documentation, data, information, specifications or other materials, writings or work of authorship and other technology, content or other Intellectual Property Rights.

2. Services.

(a) Each Service Recipient hereby engages the applicable Service Provider, and the applicable Service Provider hereby accepts such engagement, to provide, or cause to be provided, to each Service Recipient, during the Term of this Agreement, the services described on Schedule A hereto (which shall be deemed to include any services closely, primarily or substantially related to the services described on Schedule A) (the "Services") to be provided by the applicable Service Provider identified on Schedule A, or an alternative Service Provider if the applicable Service Provider is unable to perform such services (provided that Service Provider will be liable in all instances for the performance of such obligations), in accordance with the terms and conditions set forth in this Agreement. Notwithstanding anything to the contrary in this Agreement, Services shall only include those that are performed under the direction, supervision, and control of the Service Recipient.

(b) Omitted Services. If, after the date hereof and prior to one hundred eighty (180) calendar days after the date hereof, Service Recipient identifies a Service that was omitted from inclusion in the Services to be received by Service Recipient under this Agreement and that was historically provided by Entergy or an Affiliate of Entergy in support of the Transmission

Assets owned by Service Recipient, and is necessary or desirable to the efficient and effective operation of the TransCo Transmission Business (an "Omitted Service"), then, provided that the provision of such service does not materially hinder (as reasonably determined by the applicable Service Provider) the applicable Service Provider's conduct of its business in the ordinary course, such Omitted Service shall be added and considered as part of the Services to be provided by such Service Provider, subject to FERC approval. The applicable Parties shall cooperate and act in good faith to reach agreement on the specific terms and conditions applicable to such Omitted Service, provided, that if such Omitted Service is substantially similar to any other Service provided by any Service Provider under this Agreement, the specific terms and conditions shall be substantially similar to the specific terms and conditions applicable to such other Service. Upon the applicable Parties' agreement on the specific terms and conditions applicable to an Omitted Service, the applicable Parties shall execute an amendment to this Agreement that provides for the substitution of the relevant Schedule or additions of supplements to the relevant Schedule, in order to describe such Omitted Service and the agreement upon the other specific terms and conditions applicable thereto. The Parties agree that the fees for any Omitted Services shall be determined by Section 5.

(c) Additional Services. In the event that the Parties identify and agree upon an additional Service (that is otherwise not listed on Schedule A or is not an Omitted Service) to be provided under this Agreement, as well as the specific terms and conditions applicable thereto (an "Additional Service"), the Parties shall execute an amendment to this Agreement that provides for the substitution of the relevant Schedule, or additions to this Agreement of additional schedules, in order to describe such Additional Service, and the agreed upon specific terms and conditions applicable thereto, subject to FERC approval. Schedule A and all such additional schedules, if any, are collectively referred to herein as the "Schedules." The Schedules are hereby incorporated by reference into this Agreement, provided, however, that in the event of a conflict between any Schedule and the terms of this Agreement, this Agreement shall govern. The Parties agree that the fees for any Additional Services shall be determined by Section 5.

(d) Replacement Service Providers. Each Service Provider shall use commercially reasonable efforts in cooperating with Service Recipient to effect, as provided in this Agreement and at Service Recipient's expense, without undue delay, the transition from such Service Provider to any such other qualified service providers as Service Recipient may designate in writing from time to time to replace such Service Provider as the service providers of any or all Services hereunder (the "Replacement Service Providers").

(e) Impracticability. Subject to the provisions of subsection (f) below, each Service Provider shall not be required to provide any Service to the extent: (i) that the performance of the Services would (A) require such Service Provider or any of its Affiliates to violate any applicable Laws (including any applicable codes or standards of conduct established by any other Governmental Authority with respect to their activities subject to the jurisdiction of such other Governmental Authority) or any internal policy reasonably adopted in order to comply with any applicable Laws; (B) result in a material breach of any software license, lease or other Contract in effect as of the date of this Agreement; or (C) be inconsistent with the Ruling, the Tax Opinion, or the representations or statement of facts made or relied on in connection with the Ruling or the Tax Opinion; or (ii) as provided in Section 19. Any claim of a Service Provider of impracticability under this subsection will be made in writing delivered to the address listed in Section 15 for the Service Recipients.

(f) Cooperation. In the event that there is nonperformance of any Service as a result of impracticability pursuant to subsection (e) above, the Parties agree to work together in good faith to arrange for an alternative means by which the applicable Service Recipient may obtain, at its sole discretion, cost and expense, the Service so affected. Subject to Section 10, the Parties shall cooperate with each other in connection with the alternative performance of the Services, including producing on a timely basis all Contracts, documents and other information that is reasonably requested with respect to the alternative performance of Services; provided, however, that such cooperation shall not unreasonably disrupt the normal operations of the Parties; and provided, further, however, the Party requesting cooperation shall pay all reasonable out-of-pocket costs and expenses incurred by the Party or its Affiliates furnishing such requested cooperation, unless otherwise expressly provided in this Agreement. The Parties shall assist and cooperate with each other on a mutually agreeable basis to facilitate (i) the timely and orderly assumption by the Service Recipient or its Affiliates (or a provider unaffiliated with ITC) of providing the Services and (ii) the orderly transition of all data, information and other matters that support or relate to the operations and/or functions that are the subject of any Services, taking into account the need to minimize both the cost of such transition and the disruption to the ongoing business activities of the Parties, and each Party shall in good faith make available to the other Party the personnel and resources reasonably needed to plan for and facilitate such timely and orderly transition.

(g) No Financing to Service Recipient. Unless otherwise expressly required under the terms of any relevant Schedule hereto, in no event shall any Service Provider or its Affiliates be required to (i) lend any funds to Service Recipient or its Affiliates, (ii) expend funds for any additional equipment or material or property (real or personal) on behalf of Service

Recipient other than in the ordinary course of business, or (iii) make any payments or disbursements on behalf of Service Recipient, except to the extent Service Recipient has previously delivered, or will deliver by future payment, to such Service Provider sufficient funds to make any such expenditures, payment or disbursement.

(h) No Assumption or Modification of Obligations. Except to the extent necessary in the provision of the Services as contemplated herein, nothing herein shall be deemed to (i) constitute the assumption by any Service Provider or any of its Affiliates, or the agreement to assume by any Service Provider or any of its Affiliates, any duties, obligations or liabilities of any Service Recipient or its Affiliates whatsoever; or (ii) alter, amend or otherwise modify any right or obligation of any party under the Separation Agreement.

(i) Application of Resources. Unless otherwise expressly required under the terms of any relevant Schedule hereto or the Separation Agreement, in providing the Services, each Service Provider or its Affiliates shall not be obligated to: (i) expend funds and other resources beyond levels that would be customary and reasonable to provide Services that are similar to the relevant Services; (ii) maintain the employment of any specific employee, contractor or subcontractor, or to hire any additional employee or subcontractor; (iii) purchase, lease or license any additional (measured as of the date hereof) equipment or materials (expressly excluding any renewal or extension of any leases or licenses required for such Service Provider to perform the relevant Services during the relevant Services Term); or (iv) pay any of Service Recipient's costs related to its or any of its Affiliates' receipt of the Services.

(j) Transitional Nature of Services; Changes. The Parties acknowledge the transitional nature of the Services and agree that notwithstanding anything to the contrary herein, each Service Provider may make changes from time-to-time in the manner of performing its Services if such Service Provider is making similar changes in performing similar services for itself and/or its Affiliates; provided, that such Service Provider must provide Service Recipient with at least thirty (30) days prior written notice of such changes.

(k) Collective Bargaining Employees. Notwithstanding any provision in this Agreement to the contrary, a bargaining unit employee of any Service Provider who is covered by a collective bargaining agreement will not be obligated to perform any Services under this Agreement unless either (a) the Service Provider interprets those Services to be consistent with the applicable collective bargaining agreement; or (b) if the Service Provider is able to negotiate and agree with the collective bargaining representative(s) of the bargaining unit employee(s) asked to perform those services, which may require incurring additional costs to the Service

Provider, and which are approved in advance by the Service Recipient.

(l) Service Provider Employee Responsibilities. Under the overall supervision and specifications of Service Recipient, each Service Provider shall be responsible for: (1) employing its personnel directly or through an Affiliate; (2) training, managing and supervising all of such Service Provider's employees; (3) paying of compensation, benefits and labor costs (including, without limitation, workers' compensation obligations) attributable to such Service Provider's employees; (4) withholding and remitting such Service Provider's employee's share of all federal, state and local income taxes, FICA, payroll taxes, unemployment taxes and occupational taxes owed by such Service Provider's employees; (5) issuing or causing to be issued Internal Revenue Service W-2 forms for such Service Provider employees or Affiliate employees who perform services for the Service Recipients; (6) determining the safety of its employees; and (7) complying with all other legal requirements relating to the Service Provider's employees.

3. **Subcontractors**. Subject to Service Recipient's prior written consent, which consent shall not be unreasonably withheld, to the extent any Service requires the use of any reasonably qualified third party subcontractor, at the Service Recipient's option, such subcontractor shall be directly contracted, directed and controlled by the Service Recipient and no contractual relationship will exist between any Service Provider and any such subcontractor. In no event shall any Service Provider be required to subcontract some or all of the Services to any subcontractor.

4. **Service Recipient Responsibilities**.

(a) Service Recipient agrees to supervise the activities to be performed by Service Provider and reasonably cooperate with Service Provider in connection with the performance of the Services.

(b) To the extent that access to the property or facilities of Service Recipient, or to the personnel of Service Recipient, is at any time reasonably necessary or appropriate in connection with the performance of the Services, each Service Recipient agrees to grant such access to Service Provider and its representatives on a commercially reasonable basis, subject to any NERC or FERC limitations or restrictions (including adherence with FERC's Order No. 717, Standards of Conduct for Transmission Providers). A Service Provider shall not be responsible for any loss, damage, fine, penalty, cost, expense, delay, interruption, breach, non-performance or other failure of any of the Services to the extent resulting from or arising out of or in connection with any failure by any Service Recipient to provide access to the extent reasonably necessary or appropriate in connection with the performance of the applicable Service to any of its properties, facilities or personnel in connection with the

performance of such Services on a commercially reasonable basis.

5. **Compensation**.

(a) As consideration for the Services, the applicable Service Recipient shall reimburse and pay to the applicable Service Provider all reasonable and verifiable costs incident to the Services, including but not limited to, material costs, labor costs, labor costs adders, costs associated with third party vendors and consultants and any and all associated overheads, allocated in accordance with the same methodology employed historically by ITC and its Affiliates in connection with the provision of services to affiliated entities and business units; provided that, for purposes of this provision, "costs" means fully-loaded costs without any profit factor ("Reimbursable Costs").

(b) Within three (3) business days after the end of each calendar month, each Service Provider shall provide each Service Recipient an estimate of the amounts expected to be invoiced for that month, including capital project work order numbers and other reasonable documentation to support the charges and distribution of charges.

Within fifteen (15) calendar days after the end of each calendar month during the term of this Agreement, the applicable Service Provider shall submit to each Service Recipient an itemized invoice (such invoice to set forth a description of the Services provided, including capital project work order numbers and other reasonable documentation to support the charges and distribution of charges thereon and any sales, use and other similar taxes imposed on the sale of such Services) (an "Invoice") for all Services provided to each Service Recipient during such calendar month and any outstanding reimbursable expenses or charges incurred by such Service Provider hereunder and the amount payable by each Service Recipient for such Services and expenses or charges pursuant to this Agreement.

(c) Subject to subsections (d), (e) and (f) below, each Service Recipient shall pay in full any amount payable to Service Provider hereunder within thirty (30) Business Days of receipt of the applicable Invoice in accordance with any wire instructions set forth on the Invoice.

(d) If any Service Recipient disputes in good faith any portion of the amount due on any proper Invoice, such Service Recipient shall notify the applicable Service Provider in writing of the nature and basis of the dispute within twenty (20) Business Days after Service Recipient's receipt of such Invoice; provided, however, that the Service Recipient shall be required to pay any amount in dispute. Otherwise, the amount stated on the Invoice shall be deemed to be accurate and correct and shall not be subject to dispute or contest by any Service Recipient or any Affiliate thereof. The Parties shall use their reasonable best efforts to resolve the

dispute prior to the payment due date and thereafter. Upon a resolution of any dispute, the applicable Party will refund to the other Party the amount that has been agreed by such Parties.

(e) Any applicable federal, state and local sales, excise, ad valorem, use or similar taxes, if any, imposed in connection with the Services, except for federal, state and local income taxes payable by any Service Provider, will be reimbursed by Service Recipients.

(f) Any amount not paid by Service Recipients when due hereunder shall bear interest at a rate equal to the Interest Rate, per annum, accrued from the due date of such payment until such payment is actually received by the applicable Service Provider.

6. **Service Coordinators**. Service Recipients and Service Providers shall create a transition committee (the "Transition Committee") and each group of Service Recipients and Service Providers shall appoint one (1) senior representative and an alternate in case such person is not available from time to time to the Transition Committee for the Term (each such person, a "Service Coordinator"). The names, contact information and title of the initial Service Coordinators and their alternates are set forth on Exhibit B. Each Service Coordinator shall have the authority and responsibility to:

(a) oversee matters relating to the respective appointing Party that are set forth in this Agreement;

(b) represent the appointing Party in relation to this Agreement and make appropriate decisions on day-to-day issues subject to the terms of this Agreement;

(c) coordinate the technical aspects of the Services and consult on the operation and management of the Services;

(d) monitor any Party's compliance with its obligations under this Agreement and review the performance of the Services; and

(e) facilitate the resolution of any dispute between the Parties, according to Section 12 and Exhibit C.

7. **Books and Records**. Each Service Provider shall keep records and books of account showing all charges, disbursements or expenses made or incurred by it in performing the Services and shall preserve such records and books of account for a period of six (6) years following incurrence of such expenses, or longer if required by applicable law; provided, that this Section 7 does not preclude any Service Provider from preserving such records for a longer period pursuant to its records management programs, policies or procedures.

8. **Access to Records; Audits**.

(a) During the Term of this Agreement and for a period of four (4) years thereafter, and subject to the terms of this Agreement (including, without limitation, Section 7 above) Service Recipients, directly or through authorized representatives, at such Service Provider's facilities shall, upon ten (10) calendar days' prior written notice to the applicable Service Provider, during Service Provider's business hours, have access to and the right to inspect and make copies of any and all books, records (including training records of applicable personnel providing Services), accounts, invoices, canceled checks, payrolls and other documents and papers of every kind held by such Service Provider pertaining to the performance of the Services and all charges, disbursements and expenses made or incurred by such Service Provider in performing the Services and all information related to the calculation of overhead costs by such Service Provider. In addition, Service Recipients, at their sole cost and expense, may from time to time but not more than two (2) times during the Term and for a period of six (6) months thereafter (and not more than two (2) times during any six (6) month period or as more frequently required by a Governmental Authority) audit any document, information or matter reasonably relating to Service Provider's invoicing under this Agreement through its own staff or through contractors, agents, auditors or advisers, provided that such persons are bound by a confidentiality provision substantially similar to that contained in Section 10. Subject to compensation under Section 5, the applicable Service Provider agrees to reasonably cooperate with any request by any Service Recipient to have access to and inspect or audit such materials; provided that such Service Recipient will permit the applicable Service Provider the opportunity to deliver any information required by Service Recipient prior to such Service Recipient carrying out any inspection or audit hereunder which may render an inspection or audit visit unnecessary. Notwithstanding the foregoing, in no event shall such Service Recipient have access to records related to employee personnel matters, tax matters, or privileged or confidential materials; unless, with respect to confidential materials that do not otherwise constitute employee personnel matters, tax matters or privileged materials, access is required by applicable law or an order by a Governmental Authority (but, in all events, subject to the provisions of Section 10).

(b) Without prejudice to any Party's other rights under this Agreement, if any Service Recipient's exercise of its rights under this Section results in audit findings that any Party has failed to perform its material obligations under this Agreement, such Service Recipient will make the audit findings available to such Service Provider, and the Parties will use all reasonable efforts to agree to a remedial plan and a timetable for achievement of the planned actions and/or improvements. Following agreement of the timetable, such Service Provider will implement that plan in accordance with the agreed timetable and will confirm its completion by a notice in writing to such Service Recipient. If such Service Provider fails to agree or implement such plan, such Service Recipient will be entitled to

terminate this Agreement or any part thereof pursuant to the provisions of Section 9. If any Service Recipient's exercise of its rights under this Section results in audit findings that any Reimbursable Costs have been overpaid by any Service Recipient, then upon receiving notice of such audit findings, and review of and agreement to the audit results by Service Provider, the appropriate reduction will be made to the next applicable Invoice(s) or, if there is no further Invoice, Service Provider shall refund such amount promptly (but in any event within thirty (30) business days).

9. **Term and Termination**.

(a) Term. The term of this Agreement shall commence as of the date hereof and shall continue for a period of twelve (12) months thereafter, unless earlier terminated pursuant to the terms of this Agreement (as may be extended pursuant to this Section 9(a), (the "Term")) If, but only to the extent, reasonably necessary to continue the transition of any Service from Service Provider to other providers (including any Service Recipient or its Affiliates), any Service Recipients may elect, by delivering written notice to the Service Provider no later than three (3) months prior to the end of the then in effect Term, to extend any such Service and the term of this Agreement with respect to such Service by a period of up to six (6) months. Service Recipients shall have the right to elect to extend the term of this Agreement in accordance with this Section 9(a) up to, but no more than, two (2) times. After the expiration of the Term, the Parties shall not have a duty to provide Services or to negotiate regarding the extension of the Term except as set forth in this Section 9(a). If a Service Recipient elects to extend this Agreement for six months under this Section 9(a), Service Provider will report to FERC, prior to the beginning of any extended term of this Agreement, the services that will continue to be provided by Service Provider and when the provision of those services will be completely transitioned to the Service Recipient or third parties.

(b) Termination for Cause. Any Service Recipients or any Service Provider that is not a Defaulting Party as defined herein (a "Non-defaulting Party") may terminate this Agreement or the provision of any portion of the Services to be provided by the applicable Service Provider hereunder, at any time and, subject to any limitations under this Agreement, pursue all rights and remedies available to it at law, in equity or otherwise if any of the following shall occur with respect to any other Party (the "Defaulting Party"): (i) any Defaulting Party fails to pay any obligation hereunder when due and such failure continues for twenty (20) Business Days after receipt of notice of such failure from any Non-defaulting Party (excluding any charges disputed in good faith in accordance with Section 5(d)); (ii) any Defaulting Party fails to perform any material obligation hereunder (other than payment obligations) and such failure continues for at least twenty (20) Business Days after receipt of written notice of such failure from any Non-defaulting Party, provided, that if the Defaulting Party

begins promptly and diligently to cure such breach in accordance with this provision and such breach is not capable of being cured within such twenty (20) Business Day period, the Defaulting Party shall have up to an additional twenty (20) Business Days to cure such breach if it demonstrates that it is reasonably capable of curing such breach within such additional twenty (20) Business Day period; or (iii) the Defaulting Party becomes insolvent or bankrupt, becomes the subject of an "order of relief" as that term is defined in the United States Bankruptcy Code, has a receiver or trustee appointed over its property or makes any assignment for the benefit of its creditors.

(c) Termination by Mutual Consent. The provision of any portion of the Services by any Service Provider hereunder, may be terminated at any time upon the mutual written consent of the applicable Service Provider and applicable Service Recipient. This Agreement may be terminated at any time upon the mutual consent of all of the Parties.

(d) Termination for Convenience. Notwithstanding anything else set forth herein, Service Recipient may, upon not less than two (2)months prior written notice to Service Provider, terminate or suspend the provision by any Service Provider of any particular Service or portion of the Services that Service Recipient elects to perform using its own employees or another service provider selected by Service Recipient in its sole discretion; provided, that the applicable Parties shall cooperate in good faith (i) if applicable, to implement a mutually agreeable plan for the transition to Service Recipient or any Replacement Service Provider of such services and (ii) to amend the Schedules as necessary or appropriate to reflect the termination of the provision by such Service Provider of such Services. Nothing in this Agreement shall require any Service Recipient to obtain from any Service Provider any Service in any particular minimum volume or with any particular minimum frequency.

(e) Payment after Termination. Upon the early termination of this Agreement (or any applicable portion thereof) for any reason, Service Recipient shall be responsible for any additional charges incurred as a result of such early termination, subject to the applicable Service Provider's duty to reasonably mitigate such costs.

(f) Return of Leased Property or Licensed Software. Each Service Recipient shall be liable for all costs and expenses incurred by each Service Provider or any of its Affiliates resulting from any delay or failure of such Service Recipient to return to such Service Provider or any licensor, as applicable, any leased property or licensed software that is included as part of the Services provided to such Service Recipient upon (i) the termination of the relevant Services as provided herein, or (ii) the expiration of the term of the applicable lease or license, provided that such Services Provider has provided such Service Recipient with at least thirty (30) days prior written

notice of such expiration.

(g) Final Accounting. Within one hundred twenty (120) days of completion of the Services, each Service Provider shall perform a final accounting of the Reimbursable Costs under this Agreement. Should there be any remaining reimbursable costs or any overpayments, Service Provider will issue a final invoice to each Service Recipient and, subject to Section 5(d), the owing Party shall remit payment to the owed Party within thirty (30) days of receipt of such invoice.

10. **Confidentiality**.

(a) The Parties shall hold, and shall cause each of their respective Affiliates to hold, and each of the foregoing shall cause their respective directors, officers, employees, agents, consultants and advisors to hold, in strict confidence, and not to disclose or release or use, for any purpose other than as expressly permitted pursuant to this Agreement, without the prior written consent of the other Party, any and all Confidential Information concerning the other Party or such Party's Affiliates; provided, that the Parties may disclose, or may permit disclosure of, Confidential Information (i) to their respective auditors, attorneys, financial advisors, bankers and other appropriate consultants and advisors who have a need to know such information for auditing and other non-commercial purposes and are informed of their obligation to hold such information confidential to the same extent as is applicable to the Parties and in respect of whose failure to comply with such obligations, the applicable Party will be responsible, (ii) if the Parties or any of their respective Affiliates are required or compelled to disclose any such Confidential Information by judicial or administrative process or by other requirements of Law or stock exchange rule, (iii) as required in connection with any legal or other proceeding by one Party against any other Party or, (iv) as necessary in order to permit a Party to prepare and disclose its financial statements, or other required disclosures required by Law or such applicable stock exchange. Notwithstanding the foregoing, in the event that any demand or request for disclosure of Confidential Information is made pursuant to clause (ii) above, each Party, as applicable, shall promptly notify the other of the existence of such request or demand and, to the extent commercially practicable, shall provide the other Party thirty (30) calendar days (or such lesser period as is commercially practicable) to seek an appropriate protective order or other remedy, which such Parties will cooperate in obtaining. In the event that such appropriate protective order or other remedy is not obtained, the Party whose Confidential Information is required to be disclosed shall or shall cause the other applicable Party or Parties to furnish, or cause to be furnished, only that portion of the Confidential Information that is legally required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such information.

(b) Upon the written request of a Party, the other Party shall take reasonable steps to promptly (i) deliver to such requesting Party all original copies of Confidential Information (whether written or electronic) concerning such requesting Party and/or its Affiliates that is in the possession of the non-requesting Party and that is not material to and is neither required by nor relates to the business of the non-requesting Party and (ii) if specifically requested by such requesting Party, destroy any copies of such Confidential Information (including any extracts therefrom), unless such delivery or destruction would violate any Law; provided, that the non-requesting Party shall not be obligated to destroy Confidential Information that is required by or relates to the business of such Party. Upon the written request of such requesting Party, the other Party shall cause one of its duly authorized officers to certify in writing to such requesting Party that the requirements of the preceding sentence have been satisfied in full.

11. Disclaimer of Representations and Warranties. **EXCEPT AS EXPRESSLY PROVIDED IN SECTION 2, OR OTHERWISE IN ANY SCHEDULE HERETO, EACH PARTY ACKNOWLEDGES AND AGREES THAT NEITHER ANY SERVICE PROVIDER NOR ANY MEMBER OF ITS GROUP MAKES ANY REPRESENTATIONS OR WARRANTIES, WHETHER STATUTORY, EXPRESS, OR IMPLIED, TO ANY SERVICE RECIPIENT OR ANY OF ITS SUBSIDIARIES WITH RESPECT TO THE SERVICES, THE STANDARD OR LEVEL OF CARE, QUALITY, SKILL OR WORKMANSHIP OF THE SERVICES, ANY EQUIPMENT OR MATERIALS PROVIDED UNDER THIS AGREEMENT, OR OTHERWISE HEREUNDER, INCLUDING ANY WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, OR ANY WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE.**

12. Dispute Resolution. Without limiting any of the rights of the Parties under this Agreement, all disputes, claims or controversies arising under this Agreement, the Schedules hereto or the Services performed hereunder shall be resolved through the dispute resolution provisions contained in Exhibit C.

13. Indemnification.

(a) Indemnification by Service Recipient. Except where a Service Recipient Indemnitee is entitled to indemnification by a Service Provider under Section 13(b)(ii), and except as provided in Section 13(d), each Service Recipient shall, severally, not jointly, indemnify and hold each Service Provider, each of their Affiliates, and each of their respective officers, directors, managers, employees, attorneys, agents, subagents, contractors and subcontractors (each a "Service Provider Indemnitee"), harmless against any damages, liabilities, penalties, fines, judgments, assessments, losses, fees, costs or expenses (including, without limitation, reasonable fees and expenses of counsel) arising in connection with any Action, demand, suit or cause of action (each a "Claim"), to the extent resulting

from any act done or suffered by any Service Provider, its Affiliates, employees (or their heirs or beneficiaries) or contractors (or their heirs or beneficiaries) in connection with its performance under this Agreement; provided, that Service Recipient shall not be required to hold any Service Provider Indemnitee harmless pursuant to this Section 13(a) to the extent any such Claim has arisen as a result of the willful misconduct, bad faith or gross negligence of any Service Provider. The obligations under this Section 13(a) shall survive the termination or expiration of this Agreement.

(b) Indemnification by Service Provider. Except as provided in Section 13(d), each Service Provider shall, severally, not jointly, indemnify and hold Service Recipients, each of their Affiliates, and each of their respective officers, managers, directors, employees, attorneys, agents, subagents, contractors and subcontractors (each a "Service Recipient Indemnitee") harmless against any damages, liabilities, penalties, fines, judgments, assessments, losses, fees, costs or expenses (including, without limitation, reasonable fees and expenses of counsel) arising in connection with any (i) Claim to the extent resulting from the willful misconduct, bad faith or gross negligence of such Service Provider, such Service Provider's Affiliates, or the respective officers, directors, attorneys, employees, agents, subagents or contractors of each in the performance of Services hereunder by such Service Provider and (ii) Claims brought by such Service Provider's employees and contractors, except (A) any such Claim that has primarily arisen as a result of the willful misconduct, bad faith or gross negligence of any Service Recipient Indemnitee, or (B) acts of discrimination, harassment, retaliation, defamation or other intentional torts committed by any Service Recipient Indemnitee. The obligations under this Section 13(b) shall survive the termination or expiration of this Agreement.

(c) Defense of Indemnified Claims.

(i) If any Service Provider Indemnitee or any Service Recipient Indemnitee (an "Indemnitee") receives notice of any Claim (including, without limitation, the commencement of any Action) with respect to which a Service Provider or Service Recipient is obligated to provide indemnification (the "Indemnitor"), the Indemnitee shall promptly give the Indemnitor written notice of such Claim, provided, that Indemnitee's failure or delay in providing such notice shall not affect Indemnitor's indemnity obligation hereunder except to the extent Indemnitor's ability to defend or settle a Claim is materially impaired thereby. The notice shall specify, if known, the nature of the Claim and the amount or an estimate of the amount of liability arising from the Claim.

(ii) The Indemnitee shall permit the Indemnitor to assume the defense

of any such Claim if Indemnitor, in its sole discretion, chooses to do so; provided, that counsel for the Indemnitor, who shall conduct the defense of the Claim, shall be approved by the Indemnitee, whose approval shall not be unreasonably withheld. Notwithstanding the foregoing, (A) if the Indemnitee reasonably determines that there may be a conflict between the positions of the Indemnitor and the Indemnitee in connection with the Claim, or that there may be legal defenses available to the Indemnitee different from or in addition to those available to the Indemnitor, then counsel for the Indemnitee shall be entitled to conduct a defense to the extent reasonably necessary to protect the interests of the Indemnitee, at Indemnitor's reasonable cost and expense and (B) in any event, the Indemnitee shall be entitled, at its own cost and expense, to have Indemnitee's counsel participate in, though not conduct, the defense.

(iii) The Indemnitor shall not, except with the consent of each Indemnitee, consent to the entry of any judgment, or enter into any settlement that (i) does not include as an unconditional term the giving by the claimant or plaintiff to the Indemnitee a release from all liability in respect of the Claim or (ii) includes any injunctive relief affecting the Indemnitee or any admission of guilt or wrongdoing with respect to the Indemnitee. The Indemnitee shall not settle or compromise any Claim for which it asserts a right to indemnification without the prior written consent of the Indemnitor, which consent shall not be unreasonably withheld. If Indemnitee settles or compromises a Claim without the prior written consent of the Indemnitor, the Indemnitor shall have no obligation to indemnify Indemnitee for such Claim.

(d) **NO PARTY, NOR ANY OF ITS AFFILIATES OR AGENTS, OR THEIR RESPECTIVE DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, AGENTS, SUBAGENTS, CONTRACTORS, SUBCONTRACTORS OR REPRESENTATIVES, SHALL BE LIABLE UNDER THIS AGREEMENT TO ANY OTHER PARTY, OR ANY OTHER PARTY'S AFFILIATES, AGENTS OR THEIR RESPECTIVE DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, AGENTS, SUBAGENTS, CONTRACTORS, SUBCONTRACTORS OR REPRESENTATIVES, FOR ANY INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF, OR IN ANY WAY RELATED TO, THE SERVICES PROVIDED UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, (I) ANY ALLEGED BREACH OF FIDUCIARY DUTY, (II) LOSS OF PROFITS OR BUSINESS OPPORTUNITIES, (III) DAMAGES SUFFERED AS A RESULT OF THE LOSS OF THE USE OF THE FACILITIES OR EQUIPMENT, (IV) COST OF PURCHASED OR**

REPLACEMENT POWER, (V) COST OF CAPITAL, (VI) DAMAGE TO REPUTATION, (VII) DAMAGE TO CREDIT WORTHINESS OR CREDIT STANDING OR (VIII) DIMINUTION OF STOCK PRICE OR VALUE, WITH RESPECT TO ANY CLAIM BASED ON OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, WHETHER ARISING IN CONTRACT (INCLUDING, WITHOUT LIMITATION, BREACH OF WARRANTY), TORT (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE, STRICT LIABILITY OR BREACH OF FIDUCIARY DUTY), UNDER THE LAWS OF REAL PROPERTY, OR UNDER ANY OTHER LEGAL OR EQUITABLE THEORY AND REGARDLESS AS TO WHETHER ANY OR ALL OF THE PARTIES KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES.

14. **Intellectual Property and Data.**

(a) Service Recipient Data. Service Recipients shall own all Service Recipient Data. "Service Recipient Data" means all (x) data and information legally or beneficially owned by any Service Recipient (or their Affiliates) prior to the execution of this Agreement (after giving effect to the transfer of assets in the Separation), whether in the possession of any Service Provider, any Service Recipient or any of their respective Affiliates, and (y) data, information and reports comprising the results of data processing and other operations undertaken by any Service Provider in providing the Services, but excluding (i) system configuration, monitoring, performance and other technical and operational data and information relating to any Service Provider Infrastructure (including any such data and information generated in providing the Services) and (ii) data and information (other than Service Recipient Data) owned or held by any Service Provider (or their Affiliates) prior to the performance of the applicable Services for any Service Recipient.

(b) Work Product.

(i) Except as expressly set forth in Section 14(a), any and all Work Product created under this Agreement by a Party shall be owned exclusively by the Service Recipients, except any enhancements or other modifications that may be made to any Service Provider Infrastructure to provide any Services to any Service Recipient shall be owned exclusively by such Service Provider.

(ii) To the extent that any right, title or interest in or to any Intellectual Property Rights or data vests in a Party or its Affiliates, by operation of law or otherwise, in a manner contrary to the agreed upon ownership as set forth in this Agreement, such Party shall, and hereby does, perpetually and irrevocably assign to the other

relevant Party any and all such right, title and interest throughout the world in and to such Intellectual Property Rights and data, free and clear of all liens and encumbrances, to the other relevant Party without the need for any further action by any Party. Each Party will, and will cause its Affiliates (and its and their respective agents and contactors) to, take all acts and execute all documents necessary to secure the other relevant Party's ownership rights, as reasonably requested by the relevant Party intended to own the same under this Section 14.

(c) Intellectual Property Licenses – To Service Recipient.

(i) With respect to any Work Product (i) for which a copy is specifically delivered to any Service Recipient as part of the Services (as opposed to used by or on behalf of any Service Provider for the benefit of, but not delivered to, any Service Recipient) and (ii) owned by any Service Provider, all Service Providers hereby grant to all Service Recipients a non-exclusive, sublicensable, fully transferable (in whole or in part), royalty-free, fully paid-up license to use, copy, modify, create derivative works from, and otherwise exploit, such Work Product for any and all purposes and through any and all means, in each case, now known or hereafter created or discovered. The foregoing license grant is (1) without restriction as to field or manner of use and (2) granted on an "AS IS, WHERE IS" basis, with all faults, and at the relevant Service Recipient's sole risk.

(ii) Subject to the terms and conditions of this Agreement, and any third party agreements pursuant to which any Service Provider obtains rights to the applicable Intellectual Property Rights and data, all Service Providers hereby grant to all Service Recipients a limited, non-exclusive, non-sublicensable (except to their Affiliates, and to their contractors solely for performing services for the benefit of the Service Recipients and their Affiliates), non-transferable (except as part of a permitted assignment of this Agreement pursuant to Section 16), royalty-free license to make a reasonable number of copies of, and use (and to the extent expressly agreed to by any Service Provider, to create derivative works from and otherwise modify), during the Term, such Intellectual Property Rights or data (other than Service Recipient Data and Work Product licensed pursuant to Section 14(c)(i)) that is provided or otherwise made available by or on behalf of any Service Provider to any Service Recipient for that Service Recipients' and its Affiliates' receipt and use of the Services under this Agreement. The foregoing license grant is (1) limited to use of such Intellectual Property Rights and data in connection with the Services, and (2) granted on an "AS IS, WHERE IS"

basis, with all faults, and at the relevant Service Recipient's sole risk.

(d) Intellectual Property Licenses – To Service Provider.

(i) Subject to the terms and conditions of this Agreement, and any third party agreements pursuant to which any Service Recipient obtains rights to the applicable Intellectual Property Rights and data, Service Recipients hereby grant to Service Providers a limited, non-exclusive, non-sublicensable (except to their Affiliates, and to their contractors solely for performing services for the benefit of any Service Provider and its Affiliates), non-transferable (except as part of a permitted assignment of this Agreement pursuant to Section 16), royalty-free license to make a reasonable number of copies of, and use (and to the extent expressly agreed to by any Service Recipient or contemplated by the Services, to create derivative works from and otherwise modify), during the Term, such Intellectual Property Rights or data that is provided or otherwise made available by or on behalf of any Service Recipient to any Service Provider for that Service Provider's and its Affiliates' (and their contractors') provision of the Services under this Agreement. The foregoing license grant is limited to use of such Intellectual Property Rights and data in connection with the Services and granted on an "AS IS, WHERE IS" basis, with all faults, and at the relevant Service Provider's sole risk, provided that the foregoing disclaimer and assumption of risk is subject to and shall not limit the relevant Service Recipient's indemnification obligations set forth in Section 13(a).

(e) Access to Data. Without limiting the foregoing in this Section 14, and subject to applicable law, regulation and privacy policies, each Service Provider will use commercially reasonable efforts to promptly provide to each Service Recipient the Service Recipient Data and the Work Product to which each Service Recipient has a perpetual license pursuant to Section 14(c)(i), in accordance with any mutually agreed delivery schedule. Such data shall be delivered in a mutually agreed format (but in no event other than a generally commercially available format if the Parties are unable to agree on format). Service Recipients shall be responsible for the actual out of pocket costs of Service Providers for such deliveries, to the extent such costs are not already included in the cost for the associated Services.

(f) Reservation of Rights. Except as set forth in the preceding sections of this Section 14, all Service Providers and their Affiliates, and their licensors, on the one hand, and all Service Recipients and their Affiliates, and their licensors, on the other hand, retain all right, title and interest in and to their

respective Intellectual Property Rights and data, and no other license or other right, express or implied, is granted to any Party with respect to the other Parties' and their Affiliates', and their licensors', Intellectual Property Rights or data under this Agreement. Notwithstanding the foregoing, each Party and its Affiliates may independently create or acquire any Intellectual Property Rights or data that is the same or similar to the Intellectual Property Rights or data deemed to be owned by the other Party hereunder; provided that such independent creation or acquisition is not breach of the obligations set forth in Section 10 regarding confidentiality.

15. **Notices**. All notices, requests, permissions, waivers and other communications hereunder shall be in writing and shall be deemed to have been duly given (a) five (5) Business Days following sending by registered or certified mail, postage prepaid, (b) when sent, if sent by facsimile, provided, that the facsimile transmission is promptly confirmed and any facsimile transmission received after 5:00 p.m. Eastern time shall be deemed received at 9:00 a.m. Eastern time on the following Business Day, (c) when delivered, if delivered personally to the intended recipient and (d) one (1) Business Day following sending by overnight delivery via a national courier service and, in each case, addressed to a Party at the following address for such Party:

If to Service Recipient:

If to ESI:	Entergy Services, Inc. 639 Loyola Avenue New Orleans, Louisiana 70113 Attn: J. Wayne Leonard, Chief Executive Officer Facsimile: (504) 576-2776
If to Arkansas OpCo:	Entergy Arkansas, Inc. 425 West Capitol Avenue Little Rock, Arkansas 72201 Attn: Hugh T. McDonald, Chairman of the Board, President and Chief Executive Officer Facsimile: (501) 377-3599
If to Gulf States OpCo:	Entergy Gulf States Louisiana, L.L.C. 446 North Boulevard Baton Rouge, Louisiana 70802 Attn: William H. Mohl, Chairman of the Board, President and Chief Executive Officer Facsimile: (225) 381-5749
If to Louisiana OpCo:	Entergy Louisiana, LLC

	4809 Jefferson Highway Jefferson, Louisiana 70121 Attn: William H. Mohl, Chairman of the Board, President and Chief Executive Officer Facsimile: (225) 381-5749
If to Mississippi OpCo:	Entergy Mississippi, Inc. 308 East Pearl Street Jackson, Mississippi 39201 Attn: Haley R. Fisackerly, Chairman of the Board, President and Chief Executive Officer Facsimile: (601) 969-2400
If to New Orleans OpCo:	Entergy New Orleans, Inc. 505 Magnolia Street New Orleans, Louisiana 70119 Attn: Charles L. Rice, Jr., Chairman of the Board, President and Chief Executive Officer Facsimile: (504) 670-3605
If to Texas OpCo:	Entergy Texas, Inc. 350 Pine Street Beaumont, Texas 77701 Attn: Sallie Rainer, Chairman of the Board, President and Chief Executive Officer Facsimile: (409) 981-2449
in each case, with a copy to (which shall not constitute notice):	Skadden, Arps, Slate, Meagher & Flom LLP 1440 New York Avenue, N.W. Washington, D.C. 20005 Attn: Pankaj K. Sinha, Esq. Michael P. Rogan, Esq. Facsimile: (202) 393-5760
<u>If to Service Provider:</u> If to AR Wires Sub:	Transmission Company Arkansas, LLC c/o ITC Holdings Corp. 27175 Energy Way Novi, MI 48377 Attn: Daniel J. Oginsky, Senior Vice

	President and General Counsel Facsimile: (248) 946-3562
If to LA 1 Wires Sub:	Transmission Company Louisiana I, LLC c/o ITC Holdings Corp. 27175 Energy Way Novi, MI 48377 Attn: Daniel J. Oginsky, Senior Vice President and General Counsel Facsimile: (248) 946-3562
If to LA 2 Wires Sub:	Transmission Company Louisiana II, LLC c/o ITC Holdings Corp. 27175 Energy Way Novi, MI 48377 Attn: Daniel J. Oginsky, Senior Vice President and General Counsel Facsimile: (248) 946-3562
If to MS Wires Sub:	Transmission Company Mississippi, LLC c/o ITC Holdings Corp. 27175 Energy Way Novi, MI 48377 Attn: Daniel J. Oginsky, Senior Vice President and General Counsel Facsimile: (248) 946-3562
If to NOLA Wires Sub:	Transmission Company New Orleans, LLC c/o ITC Holdings Corp. 27175 Energy Way Novi, MI 48377 Attn: Daniel J. Oginsky, Senior Vice President and General Counsel Facsimile: (248) 946-3562
If to TX Wires Sub:	Transmission Company Texas, LLC c/o ITC Holdings Corp. 27175 Energy Way Novi, MI 48377 Attn: Daniel J. Oginsky, Senior Vice President and General Counsel Facsimile: (248) 946-3562
with a copy to (which shall not constitute notice):	Simpson Thacher & Bartlett LLP 425 Lexington Avenue

New York, NY 10017-3954
Attn: Andrew W. Smith, Esq.
Facsimile: (212) 455-2502

16. **Assignability; Binding Effect**. This Agreement is not assignable by any Party without the prior written consent of the other Parties and any attempt to assign this Agreement without such consent shall be void and of no effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

17. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

18. **Interpretation**.

    (a) The article, section and schedule headings contained in this Agreement are for reference purposes only and are not part of this Agreement and shall not, in any way, affect the meaning or interpretation of this Agreement.

    (b) This Agreement shall not be construed more strongly against any Party hereto regardless of which Party is responsible for its preparation, it being agreed that this Agreement was fully negotiated by both Parties. Notwithstanding anything else herein to the contrary, this Agreement shall be construed consistent with all rules, requirements and procedures of the FERC and any other applicable regulatory authority.

19. **Excusable Delays**. If because of Force Majeure, a Party is unable to carry out its obligations (other than the obligation to make a payment) as provided for pursuant to this Agreement, and upon such Party giving written notice to the other Party of such Force Majeure, then such Party's obligation to perform shall be suspended from and after the date of the notice to the extent made necessary by such Force Majeure and during its continuance. The notice shall specify the nature of the Force Majeure, the obligation that such Party is unable to perform or furnish due to Force Majeure, and such Party's best estimate of the probable duration of the Force Majeure. Each Party shall use commercially reasonable efforts to avoid or eliminate such Force Majeure insofar as possible with a minimum of delay and to resume performance as soon as and to the extent practicable.

20. **Insurance**.

    (a) At all times during the term of this Agreement, the Parties agree to maintain, at their own cost and expense, general and automobile liability and worker's compensation in the manner, and amounts, as are usual and

customary for similarly situated companies. Notwithstanding any provision of this Agreement to the contrary, each Party may provide any of the insurance coverages required herein through a regularly maintained program of self-insurance. Each policy of insurance to be maintained hereunder shall name the other Party, including its Affiliates, and the officers, directors and employees of each, as additional insureds.

(b) Policies. Upon request, each Party shall provide to any other Party, properly executed and current certificates of insurance with respect to all insurance policies required to be maintained by such Party under this Agreement. Certificates of insurance shall provide the following information:

(i) name of insurance company, policy number and expiration date;

(ii) the coverage required and the limits on each, including the amount of deductibles or self-insured retentions, which shall be for the account of the Party maintaining such policy; and

(iii)a statement indicating that the other Party shall endeavor to provide notice of cancellation of any required insurance policies in accordance with policy provisions.

(c) Rating. Unless otherwise agreed, all insurance policies shall be obtained and maintained with companies rated A or better by Best's Key Rating Guide, and each party shall, upon request, provide the other party with an insurance certificate confirming compliance with the requirements of this Section 20(c).

(d) Subrogation. The Parties shall each obtain from the insurance companies providing the coverage required by this Agreement, the permission of such insurers to allow such Party to waive all rights of subrogation and such Party does hereby waive all rights of said insurance companies to subrogation against the other Party, its Affiliates, Subsidiaries, assignees, officers, directors and employees.

(e) Claims-Made Policies. If any insurance is written on a "claims made" or "claims first made" basis, the primary insured Party shall maintain the coverage for a minimum of three (3) years after the termination of this Agreement.

(f) Indemnification. In the event any Party fails to maintain the required insurance coverage and a Claim is made or suffered, such Party shall indemnify and hold harmless the other Parties from any and all claims for which the required insurance would have provided coverage.

21. **Entire Agreement**. This Agreement (including any and all Schedules, Exhibits and Attachments hereto) constitutes the entire agreement between the Parties

concerning the subject matter of this Agreement and supersedes other prior agreements and understandings, both written and oral, between the Parties concerning the subject matter of this Agreement.

22. **Limit of Relationship; Statutory Employer**. No Party shall represent that an employer/employee, partnership, joint venture or agency relationship exists between them, nor shall any Party have the power nor will any Party represent that it has the power to bind the other Party hereto to any Contract. Notwithstanding any provision in this Agreement to the contrary, each Party mutually agrees that it is their intention to recognize the Service Recipient for the particular state as the statutory employer of any Service Provider's employees (whether direct employees or statutory employees) working in that particular state, in accordance with that state's applicable state law solely for purposes of providing each Service Recipient with statutory immunity from tort Claims under applicable state law, while the employees are performing Services. In connection with any Claims for personal injury or workers compensation made or payable to any employee of any Service Provider (or its heirs or beneficiaries), each Service Recipient shall seek coverage under such Service Recipient's applicable workers compensation policies in order to avoid or reduce the exposure of any indemnification obligation of any Service Provider under Section 13(a).

23. **Waiver**. No waiver, amendment, termination or discharge of this Agreement or any of the terms or provisions hereof, shall be binding upon any Party unless confirmed in writing. No waiver by any Party of any term or provision of this Agreement or of any default hereunder shall affect such Party's right thereafter to enforce such term or provision or to exercise any right or remedy in the event of any other default, whether or not similar.

24. **Severability**. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

25. **Binding Effect**. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

26. **Counterparts**. This Agreement may be executed in multiple counterparts (any one of which need not contain the signatures of more than one Party), each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. This Agreement, and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or other electronic transmission, shall be treated in all manner and respects as an original agreement and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request

of any Party, the other Party shall re-execute original forms thereof and deliver them to the requesting Party. No Party shall raise the use of a facsimile machine or other electronic means to deliver a signature or the fact that any signature was transmitted or communicated through the use of a facsimile machine or other electronic means as a defense to the formation of a contract and each such Party forever waives any such defense.

27. **Further Assurances**. Upon the reasonable request of the other Party, each Party hereto agrees to take any and all actions necessary or appropriate to give effect to the terms set forth in this Agreement.

28. **Survival**. Notwithstanding any thing in this Agreement to the contrary, Sections 5, 7, 8, 9, 10, 11, 12, 13, and 14 shall survive any expiration or termination of this Agreement.

29. **Several Liability**. The obligations and liabilities under this Agreement of each Service Provider and each Service Recipient shall be several and not joint.

[Signature Pages Follow]

IN WITNESS WHEREOF, each Party has caused this Agreement to be signed by their respective duly authorized officers as of the date first above written.

SERVICE RECIPIENTS

ENTERGY SERVICES, INC.

By: _____
Name:
Title:

ENTERGY ARKANSAS, INC.

By: _____
Name:
Title:

ENTERGY GULF STATES LOUISIANA, L.L.C.

By: _____
Name:
Title:

ENTERGY LOUISIANA, LLC

By: _____
Name:
Title:

ENTERGY MISSISSIPPI, INC.

By: _____
Name:
Title:

ENTERGY NEW ORLEANS, INC.

By: _____
Name:
Title:

ENTERGY TEXAS, INC.

By: _____
Name:
Title:

SERVICE PROVIDERS

TRANSMISSION COMPANY ARKANSAS, LLC

By: _____
Name:
Title:

TRANSMISSION COMPANY LOUISIANA I, LLC

By: _____
Name:
Title:

TRANSMISSION COMPANY LOUISIANA II, LLC

By: _____
Name:
Title:

TRANSMISSION COMPANY MISSISSIPPI, LLC

By: _____
Name:
Title:

TRANSMISSION COMPANY NEW ORLEANS, LLC

By: _____
Name:
Title:

TRANSMISSION COMPANY TEXAS, LLC

By: _____
Name:
Title:

EXHIBIT A

Services

[To come]

EXHIBIT B

Service Coordinators

[To come]

EXHIBIT C

Dispute Resolution Provisions

Except as otherwise provided in this Agreement, in the event of a controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity, termination or breach of this Agreement or otherwise arising out of, or in any way related to this Agreement or the transactions contemplated hereby or thereby (collectively, the "Agreement Disputes"), the Service Coordinators shall negotiate in good faith for a reasonable period of time to settle such Agreement Dispute; provided, that (i) such reasonable period shall not, unless otherwise agreed by the relevant Parties in writing, exceed fifteen (15) calendar days from the time of receipt by a Party of written notice of such Agreement Dispute and (ii) the relevant employees from both Parties with knowledge and interest in the dispute shall first have tried to resolve the differences between the Parties. Nothing said or disclosed, nor any document produced, in the course of any negotiations, conferences and discussions in connection with efforts to settle an Agreement Dispute that is not otherwise independently discoverable shall be offered or received as evidence or used for impeachment or for any other purpose, but shall be considered as to have been disclosed for settlement purposes.

If a satisfactory resolution is not achieved between the Service Coordinators, upon mutual agreement by the Parties, the Parties may submit the dispute to non-binding mediation, or in the absence of such mutual agreement, any Party may resort to any other remedy available at law or equity.

SECTION 1 – FIELD SUPPORT SERVICES

Service Name	Service Description
1. Field Operating - Planned Maintenance Activities	Provide operating labor, materials and equipment for (a) the inspection, maintenance, and/or replacement of relays and high voltage breakers and (b) switching and tagging of the Distribution system, in each instance where Distribution resources are not geographically available as necessary to support planned maintenance work.
2. Field Operating - Unplanned Restoration Activities	Provide operating labor, materials and equipment for the switching and tagging of the Distribution system where Distribution resources are not geographically available as necessary to respond to unplanned events and outages.
3. Unplanned Restoration Activities	Provide labor, materials & equipment for the restoration and repair of the Distribution system where Distribution resources are not geographically available as necessary to respond to unplanned events and outages.
4. Project Construction	Provide necessary labor, materials and equipment to perform construction activities on projects (primarily transmission-related but that have distribution system components) that have commenced, but are not completed, prior to Closing.
5. Project Management	Provide project tracking and project management services for capital construction projects (primarily transmission-related but that have distribution system assets or non-electrical portions of

	distribution substations or dual function substations), that have commenced, but are not completed, prior to Closing.
6. Vehicles, Tools and Equipment	Provide use of agreed-upon vehicles, tools and equipment necessary for the operation and maintenance of the Distribution system.
7. Warehousing	Provide warehousing services for Distribution materials to manage inventory, pull stock, and add to stock .
8. Warehousing Equipment	Provide use of agreed upon miscellaneous equipment for warehousing and management of warehouse inventory (e.g. forklifts, cranes).
9. Maintenance Support	Provide necessary labor, materials and equipment to perform maintenance activities on the Distribution system.
	9.1 Provide agreed upon power equipment & relay test labor, materials and equipment for installation, testing and periodic maintenance of major equipment, relay systems, SCADA/RTU systems and fault recorder systems on the Distribution system.
	9.2 Provide electrical labor, materials, miscellaneous materials, and equipment for the maintenance of the electrical portions of the Distribution substations.
10. Generation Step-Up Transformers; Ninemile 6	Provide field operations and engineering technical support for generation step-up transformers and the Ninemile 6 project.

SECTION 2 – ENGINEERING AND OPERATIONS SUPPORT SERVICES

Service Name	Service Description
1. Storage and Access to Engineering Drawings	Provide continued storage of and access to drawings, records and other technical information until separation can be completed.
2. Right of Way and Easement Acquisition	Provide technical support services (non-legal) for the acquisition of rights of way and easements for Distribution substation projects commenced, but not completed, prior to Closing.
3. Community Approval Process Support	Provide engineering assistance and consulting as requested by Buyer in connection with the community approval processes that cross over the transaction close period, including community approval meetings, zoning board of appeals meetings, community informational meetings and other related activities.
4. Acquisition of Permits	Provide assistance and consulting as requested in connection with acquisition and maintenance of various permits required to implement projects, including building, soil erosion control, wetlands, road ROW and state permits and other related activities.
5. Engineering Design and Document Management Support	Provide engineering and design services necessary to prepare construction documents for new installations and capital modifications to the Distribution system for projects commenced, but not completed, prior to Closing.
6. System Protection and SCADA Support	Provide system protection engineering and consulting services for new or existing distribution

	relay protection and control schemes, SCADA systems, RTUs, and distribution disturbance monitoring systems at Distribution substations and dual function substations.
7. Engineering and Technical Support Services	Provide engineering and technical support services as necessary for projects commencing, but not completed, prior to Closing for Distribution substation, system protection, metering, and SCADA engineering and design needs.
	7.1. Provide substation design engineering and technical support services to provide scope review and estimates, review proposed project sketches, and provide input to studies and other related services.
8. Loadshed Program Support	Provide access and engineering services to maintain and operate the EMS controlled automated loadshed program.
9. Generator Interconnection Transition Support	Provide technical and project-close-out support for generation interconnection projects relating to Entergy's distribution system that commence, but are not completed, prior to Closing.
10. Customer Interface Support	Serve as the customer interface for large retail projects that commence, but are not completed, prior to Closing.
11. Balancing Authority Support	Provide access to software and equipment for Balancing Authority employees.

SECTION 3 – SITE ACCESS SERVICES

Service Name	Service Description
1. Physical Security Monitoring and Access Control	Provide physical security monitoring, access control and select security guard services for transferred facilities.

SECTION 4 – CORPORATE SUPPORT SERVICES

Service Name	Service Description
1. Access to Business Systems	Provide access to business systems necessary for continuity of business and operations in accordance with the IT Implementation Plan (such business systems do not include ITC's enterprise-wide systems such as PeopleSoft HR, PeopleSoft Financials, PeopleSoft Supply Chain, and PowerPlant) and services and support related thereto.
2. Office Support Functions	Provide equipment use and support services to Service Recipient's employees that share office space with Service Provider's employees.
3. Regulatory Support	Provide information and access to relevant documents in connection with regulatory proceedings commenced, but not completed, prior to Closing (e.g., CCN application proceedings, ERSC or other regulatory data requests)
4. RTO Transition	Provide assistance and consulting as requested by Service Recipient in connection with integration into the MISO RTO.
5. Record Maintenance	Provide oversight of record maintenance as required to support transition.
6. Settlements Support	Provide support as required post-Closing to allow Service Recipient to perform billing for transmission, including any equalization per MSS-2, for time periods prior to Closing