

PUBLIC VOLUME

ATTACHMENT K

MISO LETTER TO ATC DATED OCTOBER 28, 2011



Clair J. Moeller

Vice President, Transmission Asset Management
651.632.8441
cmoeller@misoenergy.org

October 28, 2011

American Transmission Company LLC
Attn: John Procario, President and CEO
W234 N2000 Ridgeview Parkway Court
Waukesha, WI 53188-1022

RE: Dubuque-Spring Green-Cardinal MVP and North La Cross-Madison MVP

Dear John:

MISO has received ATC's October 4, 2011 letter regarding the Dubuque-Spring Green-Cardinal MVP and North La Cross-Madison MVP (also known as Badger-Coulee). MISO would like to correct several of ATC's statements and misunderstandings in this letter.

1. Both projects will be presented to the Board.

Both of these projects will be submitted to the MISO Board at its December meeting for approval. MISO has never stated otherwise. MISO did state that resolving ownership prior to the meeting is preferred and would be helpful for the Board's review.

MISO specifically stated in its letter, "While this language [regarding ownership as stated in the TOA] will not preclude seeking Board approval of the candidate projects absent resolution of the ownership question, the dispute could create uncertainty with respect to the expected costs and construction of the projects."

As stated previously, MISO will submit both of these projects to the Board for approval regardless of whether the ownership issue is resolved prior to the Board meeting.

2. Attachment HH Dispute Resolution Procedures are permissible for resolving disputes involving the obligation to build or enlarge transmission facilities.

Attachment HH does not state that its procedures are prohibited in a "dispute involving the obligation to build or enlarge transmission facilities." Instead, it says that these disputes are "subject to resolution by the appropriate regulatory authority" *if* additional criteria are met. One of the criteria is that "at least one (1) of the Parties to the Dispute demands that the matter be submitted to such regulatory authority." Therefore, resolving expansion disputes under Attachment HH is not prohibited, and Attachment HH may be an appropriate means for resolving these disputes. MISO understands that both ITC and Xcel dispute ATC's interpretation of Appendix B to the TOA and are prepared to work with ATC and MISO to resolve this matter.

Mr. John Procario

RE: Dubuque-Spring Green-Cardinal MVP and North La Cross-Madison MVP

October 28, 2011

Page 2 of 2

3. Under the TOA, ITC and Xcel have an ownership claim.

The TOA specifically states:

Ownership and the responsibilities to construct facilities which are connected between two (2) or more Owners' facilities belong **equally** to each Owner, **unless such Owners otherwise agree**, and the responsibility for maintaining such facilities belongs to the Owners of the facilities unless otherwise agreed by such Owners. (emphasis added)

MISO interprets this to mean that under the TOA, ITC and Xcel are half owners of the new facilities. ATC may acquire a greater ownership interest *if* ITC and Xcel agree. MISO finds nothing in ATC's letter or in the TOA itself to support that the above language does not apply under these circumstances. This language is not limited to only certain MTEP projects, as ATC suggests.

MISO disagrees with ATC's position on the ownership issue and hopes that ATC will resolve the ownership issue with Xcel and ITC directly. MISO will report to the Board in December that ownership of the individual projects at issue will be shared between ATC and Xcel and ITC respectively. If unable to resolve the ownership, MISO recommends ATC utilize the Alternative Dispute Resolution Procedures of Attachment HH to resolve the ownership issue.

Respectfully,



Clair J. Moeller
Vice President, Transmission Asset Management

CJM/kaw

cc: Paul Jett (ATC LLC)
Dan Sanford (ATC LLC)
Teresa Mogensen (Xcel)
Priti Patel (Xcel)
Doug Collins (ITCM)
Tom Vitez (ITCM)