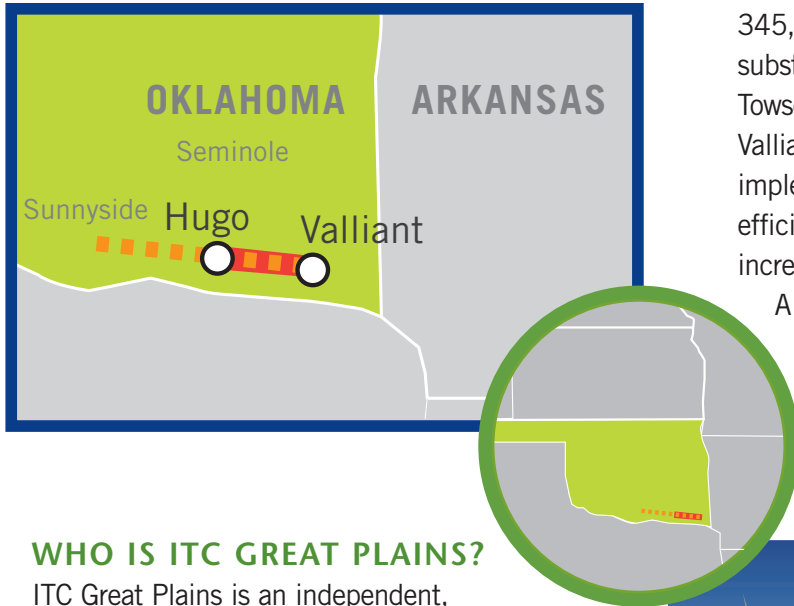




# Capital Project Profile: Hugo to Valliant Project



## Project Area



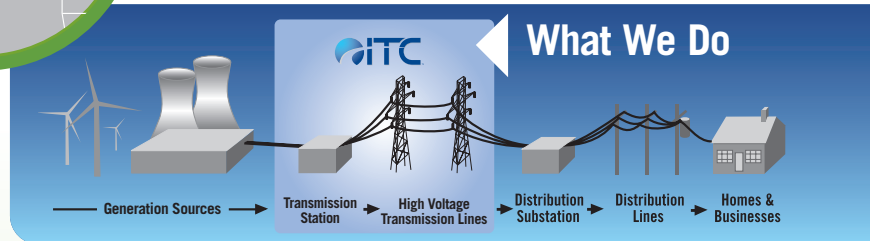
## PROJECT DESCRIPTION

The Hugo-to-Valliant Project is an approximately 19-mile, 345,000 volt transmission line that will run from a new substation located at the Hugo power plant west of Fort Towson, Oklahoma, to an existing substation southeast of Valliant. It is part of a larger transmission line project being implemented to reduce system congestion, provide more efficient and cost-effective transmission of energy and increase access to a broader range of generation resources.

A preliminary route selection study has been performed to identify route alternatives; however, the route has not been finalized.

## WHO IS ITC GREAT PLAINS?

ITC Great Plains is an independent, transmission-only utility seeking to enhance reliability of the state and regional transmission grid while lowering the overall cost of delivered energy for electric customers. We are a wholly-owned subsidiary of Michigan-based ITC Holdings Corp., the nation's first and largest independent transmission provider. ITC Great Plains is focused on playing a major role in building transmission in Oklahoma, Kansas and the entire Southwest Power Pool region. Our transmission lines ensure access to all generation sources, including renewable resources. This commitment will help establish a reliable, robust regional transmission grid. ITC Great Plains currently has two major transmission projects under development in Kansas. Hugo to Valliant is our first Oklahoma project.



## ITC GREAT PLAINS IS COMMITTED TO:

- Working closely with communities and local governments to ensure the siting and construction process is open and transparent, and citizens feel they are true participants in the process.
- Improving Oklahoma's electricity transmission infrastructure to further improve reliability and access to diverse sources of energy.
- Creating the most efficient and cost-effective transmission system for the Oklahoma consumer.
- Ensuring reliable and affordable energy is available to Oklahoma to support economic development and attract new business to the state.



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## FREQUENTLY ASKED QUESTIONS

### **Q: Why is this line needed?**

**A.** The lack of high-voltage electrical transmission in southeastern Oklahoma causes grid congestion and does not allow power to flow in the most efficient manner. The Southwest Power Pool (SPP) identified the Hugo-to-Valliant transmission line as a project that would ease congestion across the transmission network and bring significant economic and reliability benefits to Oklahoma and the regional grid. Because high-voltage (345kV) lines are inherently more efficient, this project will reduce losses and ease congestion on the existing 138 kV lines in the region, allowing more efficient dispatch of generation. This line is critical to improving the reliability of the regional power grid and supporting the national effort to create a stronger, more robust transmission network.

### **Q: Where will the line be located?**

**A.** ITC is developing several potential routes for the project that minimize adverse impacts to residents, their land and the natural environment while providing a technically viable and cost-effective transmission line. We will be meeting with state and local officials, local business and community leaders, residents and affected landowners to fully discuss the project, review our proposed routes and answer any questions. We will seek community input on the project route.

### **Q. What is the direct benefit to the Hugo-Valliant area, and how many jobs will this project create?**

**A.** The number of jobs related to this project is not certain at this early stage, but the construction phase will have a positive impact on the local economy. For example, during construction, contractors estimate their employees spend about \$6.50 to \$7.50 for every hour they work in an area. That includes food, lodging, transportation, laundry and other needs that together represent a boost to the local economy. Over the longer term, economic benefits to the area and the state of Oklahoma include future property taxes and access to lower-cost energy from a diversity of sources. In addition, the line will provide additional power delivery capacity for future economic development. A more consistent and affordable energy supply will help existing businesses grow and also help attract new businesses, jobs and investment to the region.

### **Q. How long will this process take?**

**A.** The Hugo-Valliant line is projected to go into service by April 1, 2012. The Southwest Power Pool approved the project in early 2009. Planning for the line is now underway. Landowner meetings, right-of-way acquisition and engineering design will begin early in 2010. Construction is planned to start early in 2011.

### **Q. How much will this line cost, and who will pay for it?**

**A.** The cost for the Hugo-Valliant project is currently estimated at approximately \$20 million for the line itself and about \$10 million for the new Hugo substation. Construction will be financed by ITC Great Plains. Because the line will benefit the entire region in terms of improved reliability, increased efficiency, and lower costs, the Southwest Power Pool will determine a revenue formula under which customers directly served by the line will pay a portion of the costs, and an additional percentage will be recovered from all customers in SPP region, which includes Oklahoma, Kansas, parts of northern Texas, New Mexico, Arkansas, Missouri and Nebraska.

### **Q. How will ITC Great Plains work with landowners?**

**A.** ITC Great Plains is committed to open, honest and frequent communications with landowners. When the proposed line routes are determined, we will contact landowners who have property on the proposed line route corridor and begin discussions with them about obtaining the easements necessary to build the line. ITC Great Plains believes in actively seeking input, so the public will have an opportunity to participate in the process starting with a community open house tentatively planned for late fall of 2009. We will work respectfully with landowners throughout the siting, design, and construction process to minimize impacts to their properties.