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Capital Project Profile:

Keystone-Hodenpyl Transmission Line Rebuild

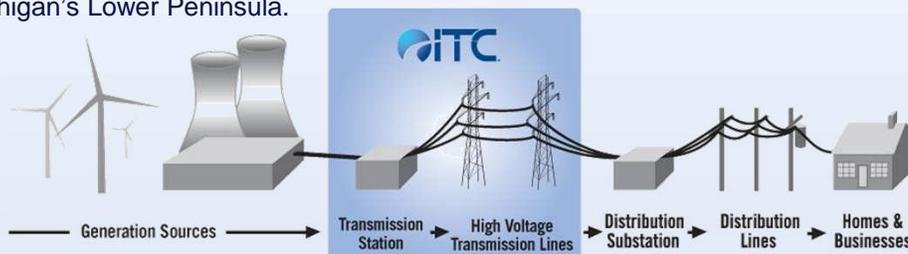
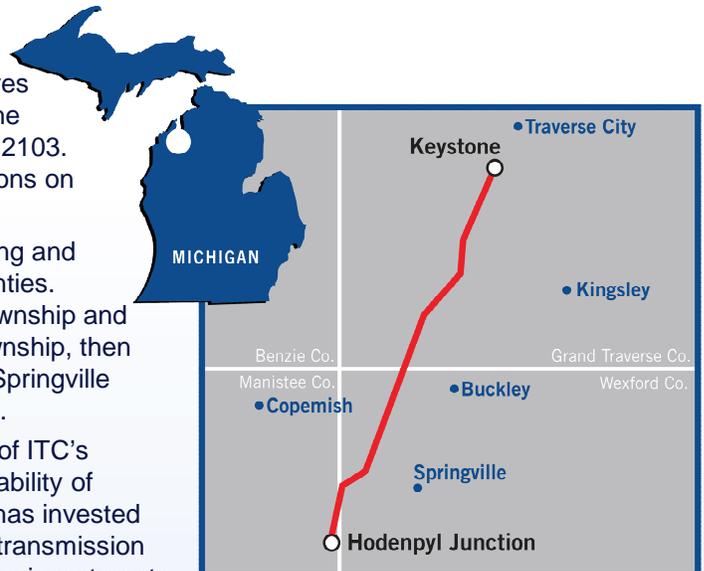
Portions of the electric transmission grid in northwestern Michigan were built in the 1950's and 60's and have experienced minimal investment since that time. The Keystone to Hodenpyl Junction section of the Keystone-Tippy 138,000 volt (138 kV) line had become increasingly unreliable as growing demand for electricity and outdated infrastructure technology have taxed its service capabilities. Many of the structures supporting the line were in poor condition and need to be replaced.

Michigan Electric Transmission Company, LLC (METC) rebuilt this line segment with new steel monopole structures and aluminum conductors (wires). The project began in the second quarter of 2013 and was completed in November 2103. ITC coordinated with appropriate state and local jurisdictions on this project.

The Keystone-Hodenpyl line is approximately 26 miles long and is located in Grand Traverse, Wexford and Manistee counties. The line begins at the Keystone substation in Garfield Township and proceeds south through Blair Township into Mayfield Township, then southwest through Grant Township, Wexford Township, Springville Township and Marilla Township to the Hodenpyl Junction.

The rebuild of the Keystone-Hodenpyl line is an example of ITC's ongoing commitment to the operational efficiency and reliability of Michigan's high voltage transmission grid. The company has invested more than \$2.3 billion in capital project maintenance and transmission infrastructure improvements in Michigan since 2003. These investments are improving the reliability and safety of the transmission infrastructure while ensuring its ability to meet new energy demands.

ITC Holdings Corp., through subsidiaries ITC *Transmission* and Michigan Electric Transmission Company, LLC (METC), owns and maintains more than 8,400 circuit miles of high-voltage electric lines and 269 substations throughout Michigan's Lower Peninsula.



As the nation's largest independent electric transmission company, ITC focuses solely on electric transmission. We invest in electric transmission to enhance reliability, relieve electric transmission congestion and connect all energy resources, including renewables, to customers in a non-discriminatory manner. ITC has been making significant investments in Michigan's transmission grid to improve reliability, safety and efficiency and lower the overall cost of delivered energy.



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Answers to Your Questions

Q. Where is this project located?

A. The Keystone-Hodenpyl line is located in Grand Traverse, Wexford and Manistee counties. The line begins in Garfield Township and proceeds south through Blair Township into Mayfield Township, then southwest through Grant Township, Wexford Township and Springfield Township, where it crosses into Marilla Township to the Hodenpyl Junction.

Q: Why is this project necessary?

A. Much of the transmission system serving northwestern Michigan was built in the mid-1950s and needs to be upgraded to meet increasing electrical demand. The lines and structures on the Keystone-Hodenpyl 138,000 volt (138 kV) line have reached their design capacity limits and are difficult to maintain. ITC subsidiary Michigan Electric Transmission Company, LLC (METC) is upgrading this 26-mile line in order to improve reliability and to meet current safety, design and construction standards, including increased lightning protection.

Q. What will the new lines and towers look like?

A. The new towers are steel monopoles which are stronger and more reliable than the existing structures. They also have a smaller environmental footprint. ITC will replace the existing lines with new aluminum conductors capable of carrying more electricity safely and reliably. The new structures will allow for the addition of a second circuit to meet additional demand for energy in the future (*see photo at right*).

Q. When will this project start, and how long will it take?

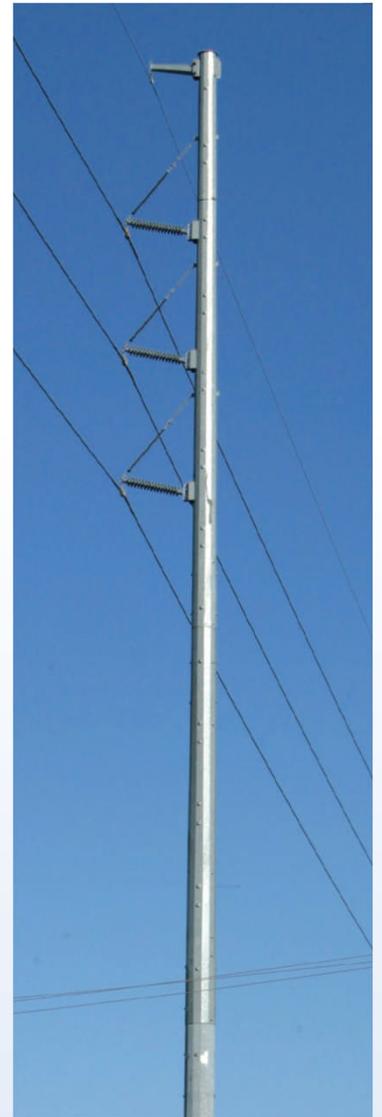
A. Work began during the second quarter of 2013 and was completed in November 2013.

Q. What effort is ITC making to protect the environment in the area?

A. ITC is working with appropriate state and local organizations, including the Michigan DNRE, to review its project plans and obtain appropriate permits to erect towers and lines through this region.

Q. What local permits, if any does ITC have to obtain to reconstruct this transmission line?

A. ITC has coordinated with all applicable local and state agencies as well as local municipalities to ensure that all required permits such as road crossings, drain crossings and soil erosion permits are obtained. Local zoning approvals are not necessary because the reconstruction process is taking place entirely within our existing rights of way and easements.



ITC will replace older structures on the Keystone-Hodenpyl transmission line with these new steel monopole structures.



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