



Date: July 20, 2009

Anthony J. Como
Director
Permitting and Siting
Office of Electric Delivery and Energy Reliability
U.S. Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

PP-230-4
US Department of Energy

JUL 21 2009

Electricity, Delivery and Energy Reliability

Re: Presidential Permit Order No. PP-230-3 ("Permit")

Dear Mr. Como,

I am writing to inform you that, consistent with my letter to you on this subject of November 7, 2008 (copy attached) and with International Transmission Company's ("ITC") pending January 5, 2009 application in this docket to amend its Presidential Permit, the second of the two new phase angle regulators proposed for installation and operation at ITC's Bunce Creek Station in Marysville, Michigan has been delivered. Like the first unit, it is now being physically installed, a process that will take several months. The two units, however, which will operate in series, will not be energized and placed into service -- and will thus have no impact upon energy flows between the U.S. and Canada -- until after the Department has approved ITC's proposed amendment to its Permit.

As was the case with the first unit, all construction work associated with installation of the second unit will occur within the existing fence line of the Bunce Creek Station. Accordingly, installation of the unit does not raise any environmental concerns or require environmental review.

Thank you for your consideration in this matter. If you have any further questions or need additional information, please contact the undersigned.

Very truly yours,

James Frankowski
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Counsel for International Transmission
Company

cc: Ellen Russell



US Department of Energy

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Electricity, Delivery and Energy Reliability

Date November 7, 2008

Anthony J. Como
Director
Permitting and Siting
Office of Electric Delivery and Energy Reliability
U.S. Department of Energy
1000 Independence Ave., SW
Room 6H-050, OE-20
Washington, DC 20585

Re: Presidential Permit Order No. PP-230-2 ("Permit")

Dear Mr. Como:

I am writing to notify you that International Transmission Company ("ITC") will shortly be installing a new phase angle regulating transformer at its Bunce Creek Station in Marysville, Michigan as a partial replacement for a transformer at that station which failed in 2003. As explained below, the new transformer will not be energized until the late Fall of 2009, so installation of the unit will not have any immediate impact on the flow of energy between the U.S. and Canada. ITC intends to seek an appropriate amendment to the above-referenced Presidential Permit well in advance of placing the unit into service. In addition, all construction activities involved in installing the unit will occur within the existing fence line of the Bunce Creek Station, so the installation of this replacement facility will not raise any environmental concerns.

The above-referenced Presidential Permit authorized ITC to install and operate a 675-MVA phase angle regulating transformer on its 230-kV transmission line at the Bunce Creek Station. That line connects Bunce Creek with the Scott Transformer Station in Sarnia, Ontario owned by Hydro-One Networks, Inc ("Hydro One"). As indicated in the Permit, the purpose of the transformer was to help provide "enhanced control over the inadvertent power flow between Michigan and Ontario and, by extension, around Lake Erie." (Permit at 2)

In March, 2003, the Bunce Creek transformer failed while in service. Shortly thereafter, the tower supporting the Canadian side of the Bunce Creek/Scott transmission line collapsed due to inclement weather, causing the line itself to fail. Due to unexpected delays in Canada, replacement of the tower and restringing of the line was not completed until the Fall of 2006.

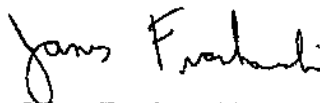
When the transmission line was restored to service, replacement facilities for the Bunce Creek transformer were ordered. In recognition of the failure of the original transformer, however, ITC chose a differently designed unit and decided to replace the failed single unit with two 700-MVA units connected in series.

The first of the two new units has recently been delivered to Port Huron, Michigan and it is now being transported to the Bunce Creek Station. It will be physically installed upon its arrival, a process that will take several months. The transformer will not be energized and placed into service, however, until after the second unit has been delivered and installed, approximately one year from now. Until then, the new transformer will not have any impact on the flow of energy between the U.S. and Canada. In addition, installation of the new transformer does not raise any environmental issues or require any review or assessment of environmental impacts because all construction work associated with the installation will occur within the existing fence line of the Bunce Creek Station. Accordingly, like the installation of the original 675-MVA transformer at Bunce Creek (see Permit at 4), installation of each of the replacement units should clearly qualify for a categorical exclusion from environmental review under Appendix B to Subpart B, paragraph B4.6 of the revised Department of Energy Regulations implementing the National Environmental Policy Act of 1969.

ITC will soon be applying to appropriately amend the Bunce Creek Permit to reflect the new transformers. That application will be submitted shortly, so that it can be processed and acted upon well in advance of the anticipated in service date for the new transformers in the Fall of 2009.

Thank you for your consideration in this matter. If you have any further questions or need additional information, please contact the undersigned.

Very truly yours,



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