

A CMS Energy Company

December 28, 2000

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MICHIGAN PUBLIC SERVICE COMMISSION

DEC 28 2000

FILED

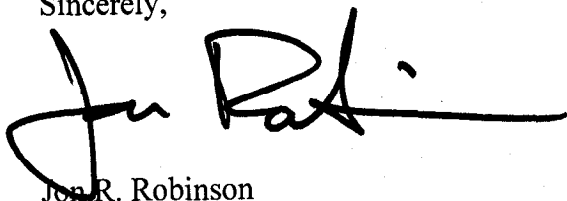
Ms. Dorothy Wideman
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

Re: Case No. **U-12781**
(Application of International Transmission Company,
Consumers Energy Company, and Great Lake Energy Cooperative)

Dear Ms. Wideman:

Enclosed, for filing in the above-referenced matter, are an original and 15 copies of the "Application" of International Transmission Company, Consumers Energy Company and Great Lakes Energy Cooperative for certain approvals in connection with the provisions of Section 10v of 2000 PA 141. I have also enclosed a Proof of Service.

Sincerely,



Jon R. Robinson

CC: A. Robert Pierce, Jr., Esq.
Albert Ernst, Esq./Jason T. Hanselman, Esq.
Marc E. Lewis, Esq.
Mr. William Celio

STATE OF MICHIGAN

DEC 28 2000

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

FILED

In the matter of the Application of)
International Transmission Company,)
Consumers Energy Company, and Great)
Lakes Energy Cooperative)
_____)

Case No. U- 12781

1

APPLICATION

International Transmission Company, ("ITC"), on behalf of The Detroit Edison Company ("Detroit Edison"), Consumers Energy Company ("Consumers Energy") and Great Lakes Energy Cooperative ("Great Lakes") ("hereinafter collectively referred to as "Applicants") apply to the Commission for certain approvals as set forth herein in connection with the provisions of Section 10v of 2000 PA 141. In support of this Application, Applicants say as follows:

1. Detroit Edison is a corporation organized and existing under the laws of the State of Michigan with its principal offices at 2000 Second Avenue, Detroit, Michigan 48226. Detroit Edison is a public utility engaged in, among other things, the sale and distribution of electricity to over 100,000 retail customers in the State of Michigan. Detroit Edison has recently transferred its transmission assets to a wholly owned subsidiary, International Transmission Company, effective January 1, 2001.

2. Consumers Energy is a corporation organized and existing under the laws of the State of Michigan with its principal offices located at 212 West Michigan Avenue, Jackson, Michigan 49201. Consumers Energy is a public utility engaged in, among other things, the sale and distribution of electricity to over 100,000 retail customers in the State of Michigan. Regulatory approvals concerning the transfer of Consumers Energy's transmission assets to a wholly-owned subsidiary, Michigan Electric Transmission Company, are currently pending.

3. Great Lakes is a public utility engaged in, among other things, the retail sale and distribution of electricity to over 100,000 member-customers in the State of Michigan. The present company was created in 1998 by a three-way merger of Great Lakes Energy Cooperative, Top O' Michigan Rural Electric Company and Western Michigan Electric Cooperative

4. Section 10v of the Customer Choice and Electric Reliability Act (2000 PA 141) requires electric utilities serving more than 100,000 retail customers in the State of Michigan to file, by January 1, 2001, a joint plan with the Commission detailing measures to expand, by June 5, 2002, the available transmission capability by at least 2000 MW over the available transmission capability in place at January 1, 2000. Attached to this Application is the Joint Report of Applicants that has been prepared and filed in compliance with Section 10v. The Joint Report details the actions required to accomplish the 2000 MW expansion, including identifying the additional facilities required, the proposed schedule for accomplishing the actions, the cost of the actions, and the proposed ratemaking treatment for the costs. The Joint Report further identifies actions and facilities that are required of other transmission owners, including American Electric Power and out-of-state entities, to accommodate the actions described in the Joint Report.

5. In preparing the Joint Report, Applicants conducted extensive studies and performed extensive modeling to determine the most cost-effective means of achieving compliance with the provisions of Section 10v. The Joint Report is the result of those efforts and will produce an expansion of the capability of the Michigan transmission system which complies with the provisions of Section 10v.

6. Applicants seek Commission concurrence that, once an individual Applicant has completed the projects identified in the Joint Report for its transmission system, that individual Applicant will be deemed to be in compliance with the provisions of Section 10v. Applicants further seek Commission determinations that the costs of the projects identified in the Joint Report are reasonable and prudent, and that the Commission will adopt ratemaking practices for each Applicant which permit full recovery from customers of the costs incurred in completing those projects.

Wherefore, Applicants respectfully request that the Commission issue an order:

A. Finding that the attached Joint Report is in compliance with the provisions of Section 10v;

B. Finding that, once an individual Applicant has completed the projects identified in the Joint Report for its transmission system, that individual Applicant will be deemed to be in compliance with the provisions of Section 10v,

C. Making a determination that that the costs of the projects identified in the Joint Report are reasonable and prudent, and that the Commission will adopt ratemaking practices for each Applicant which permit full recovery from customers of the costs incurred in completing those projects, and

D. Granting such other and further relief as may be lawful and proper.

Respectfully submitted,

INTERNATIONAL TRANSMISSION COMPANY

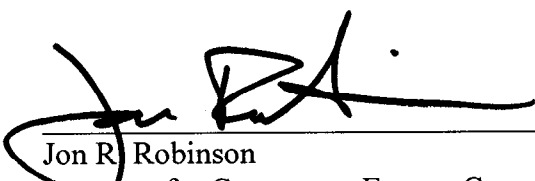
Dated: _____

A. Robert Pierce
Attorney for International Transmission Company

CONSUMERS ENERGY COMPANY

Dated: _____

12/28/00



Jon R. Robinson
Attorney for Consumers Energy Company

GREAT LAKES ENERGY COOPERATIVE

Dated: _____

Albert Ernst
Jason T. Hanselman
Dykema Gossett
Attorneys for Great Lakes Energy Cooperative

D. Granting such other and further relief as may be lawful and proper.

Respectfully submitted,

INTERNATIONAL TRANSMISSION COMPANY

Dated: 12/28/2000



A. Robert Pierce

Attorney for International Transmission Company

CONSUMERS ENERGY COMPANY

Dated: _____

Jon R. Robinson

Attorney for Consumers Energy Company

GREAT LAKES ENERGY COOPERATIVE

Dated: _____

Albert Ernst

Jason T. Hanselman

Dykema Gossett

Attorneys for Great Lakes Energy Cooperative

D. Granting such other and further relief as may be lawful and proper.

Respectfully submitted,

INTERNATIONAL TRANSMISSION COMPANY

Dated: _____

A. Robert Pierce
Attorney for International Transmission Company

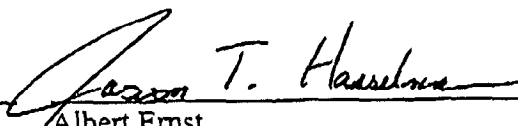
CONSUMERS ENERGY COMPANY

Dated: _____

Jon R. Robinson
Attorney for Consumers Energy Company

GREAT LAKES ENERGY COOPERATIVE

Dated: 12-28-00



Albert Ernst
Jason T. Hanselman
Dykema Gossett
Attorneys for Great Lakes Energy Cooperative

JOINT REPORT

I. INTRODUCTION

This Joint Report is being submitted by Consumers Energy Company, International Transmission Company on behalf of The Detroit Edison Company, and Great Lakes Energy Company (Filing Parties) pursuant to the provisions of 2000 PA 141, Section 10v(1), MCL 460.10v(1) (PA 141), to discuss the proposed methods to permanently expand available transmission capability. The Joint Report describes the commitments of the Filing Parties to make the necessary upgrades to their transmission systems to support permanently expanding the system's firm commercial capability. Firm commercial capability is the sum of firm Available Transfer Capability (unsold firm transfer capability) and firm transmission reservations (sold firm transfer capability). Further, the Joint Report also describes the costs of the upgrades, implementation schedules and the proposed method for recovery of those costs.

Section 10v of PA 141 requires as follows:

1. Electric utilities serving more than 100,000 retail customers in this state are to file, by January 1, 2001, a joint plan with the Michigan Public Service Commission (Commission) detailing measures to permanently expand, by June 5, 2002, the available transmission capability by at least 2,000 megawatts (MW) over the available transmission capability in place as of January 1, 2000.
2. The joint plan must detail all actions including additional facilities required, the proposed schedule for accomplishing the actions, the cost of the actions, and the proposed ratemaking treatment for the costs. The joint plan shall also identify all actions and facilities that are required of other transmission owners, including out-of-state entities, to accommodate the actions described in the joint plan.
3. The Commission may order modifications to the joint plan to make it consistent with PA 141. If the electric utilities are unable to agree upon a joint plan to meet the requirements of this act, the Commission shall conduct a hearing to establish a joint plan. The Commission shall authorize recovery from benefiting customers of all reasonable and prudent costs incurred by transmission owners for authorized actions taken and facilities installed to meet the requirements of Section 10v that are not recovered through Federal Energy Regulatory Commission (FERC) transmission rates.
4. If an electric utility or an affiliate that is the owner of the transmission assets is denied cost recovery of the reasonable and prudent costs expended to implement the joint plan, then the electric utility or affiliate shall have no further obligation to implement the joint plan. If an electric utility or its affiliate is

subsequently granted cost recovery, then the obligation to implement the original joint plan is required. If cost recovery of the reasonable and prudent costs of implementing the joint plan is denied, an electric utility or its affiliate shall develop a new joint plan as provided under this section.

American Electric Power (AEP) is not a party to this Joint Report. American Electric Power had participated in joint study work described later in this filing and also participated in preparation for this filing. In the end, however, the Filing Parties did not agree that AEP's plan for system expansion would result in upgrades to AEP's transmission system needed to meet the requirements of Section 10v of PA 141. American Electric Power's expansion plan of its system, as presented in initial drafts of this filing, did not support the expansion of firm commercial capability within AEP's system available to Michigan customers. As a result, the Filing Parties withdrew from the original joint report. The Filing Parties submit the following plan to address changes to their transmission systems needed to support the requirements of PA 141 Section 10v.

II. IDENTIFICATION OF FILING PARTIES

A. Consumers Energy – Michigan Electric Transmission Company

Consumers Energy Company and Michigan Electric Transmission Company (Michigan Transco) have applied for various regulatory approvals necessary to accomplish the transfer of Consumers Energy's transmission assets to Michigan Transco. This includes approvals from the FERC and the Securities and Exchange Commission (SEC). As of the date this Joint Report is filed with the Commission, these approvals are still pending. For more details, please see Consumers Energy's Application filed in Commission Case No. U-12726.

B. DTE Energy – International Transmission Company

Starting in May 2000, DTE Energy, Detroit Edison and the International Transmission Company (ITC) applied for and obtained all the necessary regulatory approvals to transfer Detroit Edison's transmission assets, including the rights and responsibilities, to ITC. This involved obtaining FERC, SEC and the United States Department of Energy (DOE) approval for this transfer. As of the close of business on January 1, 2001, Detroit Edison and ITC will have completed the transfer of these transmission assets and therefore, ITC will own all transmission assets, including their associated rights and responsibilities, within the Detroit Edison service territory.

C. Great Lakes Energy

Great Lakes Energy is not a transmission provider, but is the largest customer-owned electric utility in the state of Michigan, serving more than 115,000 customers and covering parts of 26 counties. The present company was created in 1998 by a three-way merger of Great Lakes Energy Cooperative (Newaygo) with Top O' Michigan Rural Electric Company (Boyne City) and Western Michigan Electric Cooperative (Scottville). Great Lakes Energy Cooperative (Newaygo) was created by a 1996 merger of O&A Electric Cooperative (Newaygo) and Oceana Electric Cooperative (Hart).

Great Lakes Energy is one of four member owners of its transmission provider, Wolverine Power Supply Cooperative, Inc (Wolverine). Wolverine owns and operates 1,600 miles of transmission network throughout the western and northern portions of Michigan. Wolverine is interconnected with Consumers Energy at eleven (11) locations throughout Michigan and four (4) municipal systems.

III. AVAILABLE TRANSMISSION CAPABILITY DISCUSSION

The Filing Parties interpret the '*available transmission capability*' term used in Section 10v PA 141 to mean the simultaneous firm commercial capability into the lower peninsula of Michigan¹ during summer months. Therefore, a 2,000 MW increase in '*available transmission capability*' would mean transmission enhancements that facilitate an increase of 2,000 MW of firm commercial import capability on a coordinated, simultaneous basis into the lower peninsula of Michigan during summer months.

Available Transfer Capability (ATC) is a common measure of transmission system transfer capability remaining in the physical transmission network for further commercial activity over and above reliability reserve margins and already committed uses. The FERC, North American Electric Reliability Council (NERC) and the electric industry have defined firm ATC by the following general equation:

$$\text{Firm ATC} = \text{TTC} - \text{TRM} - \text{CBM} - \text{Existing Firm Reserved Transmission Commitments (including native/network load service)}$$

TTC is defined by NERC as the amount of electric power that can be transferred over the interconnected transmission network in a reliable manner while meeting all of a specific set of defined pre- and post-contingency system conditions.

TRM is defined by NERC as that amount of transmission transfer capability necessary to ensure that the interconnected transmission network is secure under a reasonable range of uncertainties in system conditions.

CBM is defined by NERC as that amount of transmission transfer capability reserved by load serving entities to ensure access to generation from interconnected systems to meet generation reliability requirements.

Available Transfer Capability is calculated by individual Transmission Providers for each commercial transmission path within its transmission system. Due to the physics of electric power flow, parallel path (loop) flow occurs among transmission paths. Within the East Central Area Reliability Coordination Agreement (ECAR) region, Transmission Providers submit ATC values for paths that include their systems. These ATC values consider internal system constraints for each of the Transmission Providers along a path. In addition, Transmission Providers that are not along a path can submit ATC values for that

¹ The Michigan Electric Coordinated Systems (MECS) Control Area is the operating Control Area for the lower peninsula of Michigan, excluding American Electric Power's service territory in southwestern Michigan. The terms 'MECS' and 'lower peninsula of Michigan' are used interchangeably throughout this document.

path if they are impacted by parallel path flows resulting from the path. These values are submitted to the ECAR Open Access Same time Information System (OASIS). The final ATC value for a given transmission path will be coordinated using the most limiting ATC values submitted for that path.

No amount of investment by any Company participating in this report can ensure additional firm commercial capability is exclusively dedicated to Michigan customers, unless Michigan customers purchase this extra capability. As required by FERC Order 888, the availability of this transfer capability can only be secured for future use by a Transmission Service reservation(s) from the appropriate Transmission Provider(s). A request for transmission service reservation is made via the Transmission Provider's OASIS. As required by FERC Order 888, all ATC (including the additional transmission transfer capability resulting from the transmission improvements identified in this joint plan) must be offered to buyers on a first-come, first-served basis. Therefore, increased firm commercial capability resulting from the transmission facility enhancements associated with the plan as described herein could be purchased by non-Michigan entities, precluding use of this additional transfer capability by Michigan customers.

IV. EXISTING IMPORT CAPABILITY

PA 141 requires '*available transmission capability*' in place as of January 1, 2000, be expanded by 2,000 MW. The Filing Parties believe the intent of this requirement is to expand the '*available transmission capability*' in place as of the summer months of 2000, since the firm commercial capability available for firm power imports into the lower peninsula of Michigan is the lowest during summer months. Pertinent ATC values submitted to the ECAR OASIS node in June 2000, by the Filing Parties for the summer months of 2000, are listed in column 2 of Exhibit 1.

The values presented in Exhibit 1 are non-simultaneous MECS path import values, not MECS simultaneous import values. To determine the MECS simultaneous import values from Exhibit 1, power flow analysis tools must be used as well as assumptions made as to the power import source direction. In general, the MECS simultaneous firm commercial import capability for summer 2000 would be approximately 3,500 to 3,800 MW. Therefore, in order to meet the requirements of Section 10v of PA 141, the joint plan must provide for an ultimate MECS simultaneous firm commercial import capability of 5,500 to 5,800 MW.

The 3,500-3,800 MW benchmark is supported by information submitted to the Commission on March 7, 1997, by Consumers Energy in Case No. U-11290. In that submission, Consumers Energy stated that the simultaneous import capability of the Michigan Electric Coordinated Systems (MECS) Control Area was 3,500 MW. During a September 1999 meeting with the Commission Staff, Consumers Energy again presented information stating the existing simultaneous import capability into the MECS to be 3,500 to 3,800 MW.

V. INDIVIDUAL COMPANY ASSESSMENTS

Consumers Energy, International Transmission Company and Wolverine (Great Lakes Energy's transmission provider) perform the "Transmission Planning" function as a normal course of business. Part of the "Transmission Planning" function entailed performing individual company assessments, identifying system constraints, developing mitigation plans and proceeding to implement appropriate system upgrades to improve transmission transfer capability prior to PA 141.

In addition, Consumers Energy and Detroit Edison, along with other Michigan and neighbor Transmission Providers, performed a joint study specifically looking at enhancing Michigan import capability in anticipation of PA 141. The following is a description of individual company assessments. Section VI describes the joint study.

Consumers Energy

As a normal course of business, Consumers Energy has continued to enhance the capability of its transmission system to meet service requirements of its customers. In early 1999, Consumers Energy identified internal system thermal and voltage limitations to a 6,000 MW import level into Michigan. Projects developed to remove the thermal and voltage constraints found in this study were approved by Consumers Energy management.

In 2000, a second 345/138 kV transformer was added to the Battle Creek Substation, 138 kV lines were reconfigured in the Battle Creek area, and completion of the northern Grand Rapids 138 kV loop was finished by constructing the remaining 5.6 mile 138 kV line section. In 2001, Consumers Energy anticipates completion of the Battle Creek-Oneida-Majestic 345 kV loop. This project involves adding 20 miles of 345 kV line on the empty side of the Oneida to Oneida Jct 345 kV tower line and two new 345 kV circuit breakers at Oneida Substation. The installation of 290 MVAR of 138 kV shunt capacitors are also planned for 2001. Northern Indiana Public Service Company has announced plans to increase capacity on the 138 kV interconnection with Consumers Energy in 2001. These projects will incrementally increase the firm commercial capability on the AEP to MECS path and NIPS to MECS path by 1,094 MW and 233 MW respectively.

By June 2002, Consumers Energy plans to upgrade the Delhi-Tompkins 138 kV line to double circuit with system reconfiguration modifications at Tihart Substation. An additional 130 MVAR of 138 kV shunt capacitors are also planned. These projects will incrementally increase the firm commercial capability on the AEP to MECS path by 656 MW. In total, the AEP to MECS path will realize an increase of 1,750 MW and the NIPS to MECS path will realize an increase of 233 MW of firm commercial capability from 2000 to 2002.

These projects are primarily located in the Kalamazoo-Lansing-Jackson area to relieve 138 kV system overloads and low voltage conditions that result if 345 kV facility outages were to occur during heavy Michigan imports.

International Transmission Company

As part of its effort to improve the firm commercial capability into the state, in 1998/1999, Detroit Edison's transmission organization (now known as International Transmission Company) performed joint transmission studies with Hydro One Networks (formerly Ontario Hydro Services Company and Ontario Hydro). These studies identified projects that were required to increase import capability from Ontario and control parallel path flow north of Lake Erie (Lake Erie circulation). During this same period, Detroit Edison's transmission organization also performed internal system studies and identified projects that would be required to reinforce its internal system so that the enhancements made to the Ontario interface could be fully utilized to reliably import additional power. The projects discussed below were not operational prior to the January 1, 2000, date specified in section 10v of PA 141.

The projects implemented to enhance the transfer capability across the Ontario interface include the addition of a new 1,000 MVA 345/230 kV autotransformer into the L51D interconnection with Ontario. This autotransformer increased this interface's firm commercial capability by approximately 400 MW. Also, as part of this project, a 650 MVA phase angle regulator was installed in the B3N interconnection. The B3N phase angle regulator, operating in concert with similar phase angle regulators added by Hydro One in the L4D and L51D interconnections, as well as the existing phase angle regulator in the J5D interconnection, enables the control of 600-700 MW of parallel path flow north of Lake Erie (Lake Erie circulation). As this circulating power was using a significant portion of the International Transmission Company-Ontario interface, the control of 600-700 MW of circulating power translates into an increase in the firm commercial capability of that interface. In total, the Hydro One to MECS path will realize an increase of 820 MW of firm commercial capability from 2000 to 2002.

In addition to the upgrades made directly on the interface, several internal International Transmission Company system upgrades were planned and are being implemented. These projects will be completed prior to the June 5, 2002 requirement of PA141. At various places on International Transmission Company's system, capacitors are being added to maintain a proper voltage profile after the addition of the new phase angle regulators and associated potential for increased power flow. In addition, International Transmission Company is in the process of constructing a new 4.7 mile transmission tower line which is part of a new 35 mile 345 kV line from Blackfoot to Jewell and rearranging circuitry to form the new Belle River-Blackfoot Circuit. The Blackfoot

Project also entails construction of a new 345 kV switching station at Blackfoot and the addition of 345 kV circuit breakers at Belle River and Madrid.

At Elm, a 230/120 kV transformer and station is being built. This new transformer will increase import capability by relieving loading on the nearby Warren 230/120 kV transformer, which may limit imports from the east.

International Transmission Company is also reconductoring the 29 mile Bunce Creek – Adams 120 kV line. The Bunce Creek – Adams circuit reconductoring supports the potential for increased power flow associated with the International Transmission Company-Ontario interface upgrades.

These projects are primarily located in St. Clair, Macomb, Lapeer and Wayne Counties. They are being constructed to relieve overloads on the interconnections with Ontario and 120 kV lines in Oakland and Macomb County that result if 345 kV facility outages occur during heavy Michigan imports.

Wolverine Power Supply Cooperative, Inc.

As a normal course of business, Wolverine Power Supply Cooperative has continued to enhance the capability of its transmission system to meet the service requirements of its customers. In 2000, Wolverine completed its most recent comprehensive long-range plan to assess internal thermal and voltage limitations on its system over the next 10 years. Projects identified in this study necessary to remove the thermal and voltage limitations are either underway or being reviewed by Wolverine management.

In 2000, Wolverine completed construction of the Vestaburg interconnection. This 69/138 kV interconnection will increase the ability of power transfer between Consumers Energy and Wolverine by approximately 75 MW. This project included construction of a complete interconnection with low and high side circuit breakers as well as the addition of approximately 7 MVAR of shunt capacitors. This interconnection is scheduled to be energized in March 2001.

By 2002, Wolverine plans to add another 69/138 kV interconnection at Gaylord. This interconnection will increase Wolverine's first contingency capabilities in the north end of its system. This station will consist of a complete interconnection with high and low side circuit breakers.

Exhibit 3 shows the projects either under construction or under review by Wolverine management. These projects are located throughout Michigan and are designed to relieve 69 kV system overloads and low voltage conditions that result if 69 kV or 138 kV facility outages occur during heavy load periods.

VI. MICHIGAN IMPORT SYSTEM STUDY GROUP

Besides performing individual company assessments, Consumers Energy and Detroit Edison participated in a joint study along with AEP, FirstEnergy, Northern Indiana Public Service Company and Hydro One Networks to determine transmission system constraints to power imports into the lower peninsula of Michigan. The study scope was to identify transmission system constraints for 6,000 MW of power imports into the lower peninsula of Michigan and to develop plans/projects, conceptual cost estimates and construction lead times to mitigate the identified transmission constraints. The 6,000 MW study level was chosen to conduct the study. Several system upgrades identified by earlier individual company assessments were modeled as in-service in the joint study. Two reports were published.

The first report, *Michigan 6,000 MW Import Constraint Assessment*, identified transmission system constraints for a non-simultaneous 6,000 MW non-firm power import level into Michigan. The second report, *Michigan 6,000 MW Import Constraint Mitigation Assessment*, identified mitigation measures for those constraints identified in the first report and provided conceptual costs and lead-times for implementing the measures. Both reports were reviewed by the Michigan Import System Study Group (MISS G) member utilities and representatives of the staffs of the Michigan, Indiana and Ohio Regulatory Commissions prior to publication. The first report was issued as final in March 2000. The second report was issued as final in July 2000. These reports can be viewed in their entirety at www.ecar.org/CompanyPublications/default.htm.

The MISS G study provided valuable insight into the existing transmission system constraints that may limit increasing firm commercial capability transmission capacity within Michigan and neighboring transmission systems. The MISS G study, however, did not focus on enhancing firm commercial capability. It focused on identifying and mitigating transmission constraints limiting First Contingency Total Transfer Capability² (FCTTC). Increasing FCTTC does not guarantee an increase in firm commercial capability.

² First Contingency Total Transfer Capability is the Total Transfer Capability between Control Areas assuming the unavailability of the single most critical electric system element. First Contingency Total Transfer Capability is a non-firm commercial capability versus a firm commercial capability.

VII. NEW GENERATION CONNECTIONS

Consumers Energy and International Transmission Company have several Independent Power Producer (IPP) generation projects under study totaling several thousand MW. American Electric Power, Hydro One Networks, FirstEnergy and Northern Indiana Public Service Company have IPP projects currently under review and study. Each generation project is unique, and may impact Michigan import capability as well as import requirements. Michigan's future firm commercial capability may be significantly impacted by the generation projects that progress to commercial operation.

The addition of new independent generation in Michigan does complement the underlying purpose of this Section 10v requirement – the ability of Michigan consumers to have generation supplier choice. The siting of new, independent generation within Michigan provides and supports additional choice, which is the overall objective of Section 10v.

American Electric Power, Consumers Energy and International Transmission Company currently have under study the transmission system impact of approximately 14,000 MW of additional generation that desires to locate in Michigan's lower peninsula. Approximately 1,000 MW of this proposed generation have signed Interconnection Agreements with the appropriate Transmission Provider. American Electric Power has an additional 5,000 MW under study that have proposed locations in northern, northeastern, and east-central Indiana and northwest Ohio.

Wolverine completed 50 MW of new generation in 2000. In addition, Wolverine plans to complete construction of two additional projects, totaling 90 MW of generation, for operation by June 2001. The new projects improve voltage and reliability on Wolverine's transmission system. These projects add to the available sources of supplier choice generation and reduce reliance on interconnections with Michigan's neighboring utilities.

VIII. IDENTIFIED PROJECTS

Incorporating the work completed by the individual Filing Parties, as discussed in Section V and the MISS G study, Exhibit 2 lists projects identified to achieve an additional 2,000 MW of firm commercial capability into the lower peninsula of Michigan within Consumers Energy's and International Transmission Company's transmission systems. Exhibit 3 lists projects required to adequately serve Wolverine Power Supply Cooperative transmission customers. Exhibit 4 lists projects within the AEP, FirstEnergy, Northern Indiana Public Service Company and Hydro One Networks transmission systems identified to achieve an additional 2,000 MW of FCTTC into Michigan's lower peninsula. Projects listed in Exhibit 4 may not achieve an additional 2,000 MW of firm commercial capability. At a minimum, they are a "good start" toward achieving that goal.

Consumers Energy is committed to constructing all of the identified projects needed to achieve a minimum of 5,500-5,800 MW of MECS simultaneous firm import commercial capability. As Exhibit 2 shows, Consumers Energy's estimated project costs are \$36,865,000. All of the projects have been approved by Company management, some are completed, others are scheduled for completion by June 2002. Consumers Energy's commitment to this plan and completion of these projects represents its compliance with Section 10v of PA 141.

International Transmission Company is committed to constructing all of the identified projects needed to achieve a minimum of 5,500-5,800 MW of MECS simultaneous firm import commercial capability. International Transmission Company's estimated project costs are \$50,700,000. All projects have been approved by Company management and are under design and construction with scheduled completion on or before June 2002. International Transmission Company's commitment to this plan and completion of these projects represents Detroit Edison's compliance with Section 10v of PA 141.

Constraints and mitigating projects were identified in neighboring Company's transmission systems as shown in Exhibit 4. Some of the required projects are in the process of being engineered, designed and constructed, some have been completed, while other identified projects have no commitment by the respective companies to be constructed. American Electric Power, FirstEnergy, Hydro One Networks Inc, and Northern Indiana Public Service Company have not committed to the completion of Exhibit 4 projects.

Columns 3 and 4 of Exhibit 1 show anticipated summer firm commercial capability values for MECS import paths that will be posted to the OASIS node by the Filing Parties.

The transmission path firm commercial capabilities shown in column 4 of Exhibit 1 increase Michigan import path capability by 2,820 MW from summer 2000

levels (column 2 of Exhibit 1). The net effect of the incremental path increases will increase the simultaneous firm commercial import capability of the lower peninsula of Michigan available during summer months from 3,500 to 3,800 MW to 5,500 to 5,800 MW (the required 2,000 MW increase) within the Consumers Energy and International Transmission Company systems. Individual path increases beyond 2,000 MW are required due to parallel flow effects and import generation source direction discussed earlier. Transmission system constraints outside of MECS, ECAR's coordination process and Ontario's lack of an Open Access Transmission Tariff³ may affect the firm commercial import capability of MECS.

³ For International Transmission Company's firm commercial capability across the Hydro One to MECS path to be accessible to market participants, an Open Access Transmission Tariff (OATT) or arrangement for firm transmission service through Ontario must be offered in Ontario. Presently, Ontario does not offer an OATT or equivalent and current plans for electric market operations in Ontario will not provide for such transmission service.

IX. RATEMAKING TREATMENT

Each transmission owner shall independently evaluate the need and be responsible for making any regulatory filings necessary for recovery of expenditures related to this joint plan of transmission capability expansion. Such filings shall be made to the appropriate regulatory agency having jurisdiction over the facilities at issue.

It is intended that the transmission related costs of the transmission capability expansion plan shall be recovered through each respective Company's Open Access Transmission Tariffs (OATT) on file at the FERC. As specified in Section 10v of PA 141, each Transmission Owner expects that the Commission will ensure that the utilities remain whole for any prudent expenditures necessary which are made in response to Section 10v of PA 141 for which recovery is not allowed through the FERC OATT.

Exhibit 1 – MECS Summer 2000 and Anticipated Summer 2001 and 2002 Uncoordinated⁵, Non-simultaneous Import Values

(1) Interface	(2) Summer 2000 ⁴	(3) Summer 2001	(4) Summer 2002	(5) Summer 2000 to 2002 Increment
FirstEnergy to MECS path				
Total Transfer Capability	3380 ²	3380	3380	
Transmission Reliability Margin	0 ²	0	0	
Capacity Benefit Margin	980	1080	1080	
Firm Commercial Capability ¹	2400	2300	2300	(100)
Hydro One to MECS path⁶				
Total Transfer Capability	2280	2330	2400	
Transmission Reliability Margin	1200	1200	500	
Capacity Benefit Margin	600 ³	600	600	
Firm Commercial Capability ¹	480	530	1300	820
Northern Indiana Public Service Company to MECS path				
Total Transfer Capability	60	293	293	
Transmission Reliability Margin	0	0	0	
Capacity Benefit Margin	30	30	30	
Firm Commercial Capability ¹	30	263	263	233
American Electric Power to MECS path				
Total Transfer Capability	2880	4450	4962	
Transmission Reliability Margin	160	520	392	
Capacity Benefit Margin	1200	1316	1300	
Firm Commercial Capability ¹	1520	2614	3270	1750
Wisconsin Electric Company to MECS path				
Total Transfer Capability	63	200	200	
Transmission Reliability Margin	0	20	20	
Capacity Benefit Margin	0	0	0	
Firm Commercial Capability ¹	63	180	180	117

¹Firm Commercial Capability = firm ATC (unsold firm transfer capability) + firm transmission system reservations (sold firm transfer capability)

²A network limit of 4820 MW associated with a TRM of 1140 MW was calculated for this path in June 2000. This produced an import level greater than the contract path limit. The path TTC and TRM values, then, were adjusted to reflect the contract path limit as shown in Exhibit 1.

³The CBM value shown in the June 2000 OASIS posting was 300 MW, which assumed a 600 MW reservation. The actual reservation value was 300 MW. Thus, CBM would be adjusted to 600 MW. For subsequent months, the CBM OASIS posting was adjusted to 600 MW.

⁴Import values submitted to the ECAR OASIS in June 2000 were used to establish summer 2000 MECS import capability instead of using January 2000 submitted values. Consumers Energy and Detroit Edison changed their CBM allocation method during the spring of 2000. Firm commercial import capability increases occurred due to this change since CBM allocation effectively was changed from 193% to 100%. Since the firm commercial import capability increase was not caused by a physical increase in the transmission system, the June 2000 OASIS submittals were used to establish the 'available transmission capability' in place as of January 1, 2000.

⁵Within the ECAR Coordination Agreement region, Transmission Providers submit ATC values for paths that include their systems. These ATC values consider internal system constraints for each of the Transmission Providers along a path. In addition, Transmission Providers that are not along a path can submit ATC values for that path if they are impacted by parallel path flows. These values are submitted to the ECAR OASIS. The final ATC value for a given path will be coordinated using the most limiting ATC values submitted for that path. The values shown in the table are the Filing Parties inputs into this process.

⁶For International Transmission Company's firm commercial capability across the Hydro One to MECS path to be accessible to market participants, an Open Access Transmission Tariff (OATT) or arrangement for firm transmission service through Ontario must be offered in Ontario. Presently, Ontario does not offer an OATT or equivalent and current plans for electric market operations in Ontario will not provide for such transmission service.

**EXHIBIT 2 – Identified Projects in Consumers Energy’s and International Transmission Company’s Systems
(MECS) Required to Increase Michigan Firm Commercial Import Capability by 2,000 MW**

Transmission Owner	Required Project	State	Cost (\$k)	Lead Time (months)	Plan Status
Consumers Energy	Battle Creek-Verona 138 kV line reconfigure	MI	\$500	Complete	Complete
	Race Street-Spaulding 138 kV line	MI	\$2,200	Complete	Complete
	Battle Creek Substation – add 2 nd 345-138 kV transformer	MI	\$6,100	Complete	Complete
	Oneida 345 kV loop	MI	\$5,500	In progress	June, 2001
	Morrow Substation – replace switches	MI	\$50	In progress	June, 2001
	Argenta Substation – replace wavetrap and circuit connector	MI	\$45	In progress	June, 2001
	Palisades Substation – replace wavetraps	MI	\$50	In progress	June, 2001
	Island Road Substation – change current transformer taps	MI	\$0	In progress	June, 2001
	Delhi-Tompkins-Tihart 138 kV lines and sub reconfigure	MI	\$13,250	In progress	June, 2002
	138 kV capacitor installations	MI	\$9,170	In progress	June, 2002
			\$36,865		
International Transmission Company	L51D – add 1,000 MVA 345/230 kV transformer	MI	\$7,700	Complete	Complete
	B3N – add 675 MVA Phase Angle Regulator	MI	\$9,150	Complete	Complete
	Install 35 mile 345 kV line from Belle River to Blackfoot	MI	\$15,900	Complete	Complete
	Construct Blackfoot 345 kV switching station	MI	\$5,250	In progress	June, 2001
	Reconductor Bunce Creek-Adams 120 kV line	MI	\$5,200	In progress	Dec, 2001
	Capacitor Installations	MI	\$2,550	Complete	Complete
	Install 230/120 kV transformer at Elm	MI	\$4,950	In progress	May, 2002
			\$50,700		
Consumers Energy + International Transmission Company Subtotal			\$87,565		

EXHIBIT 3 – Identified Projects in Wolverine's System

Transmission Owner	Required Project	State	Cost (\$k)	Lead Time (months)	Plan Status
Wolverine Power Supply Cooperative	Vestaburg 138/69 kV Interconnection	MI	2,670	Complete	March, 2001
	Gaylord – Alpine 69 kV Reconductor	MI	450	In Review	2002
	Gaylord 138/69 kV Interconnect	MI	1,800	In Progress	2002
	Grand Traverse – Grawn 69 kV Line Reconductor	MI	520	In Review	2002
	Hart – Redwood 69 kV Line Reconductor	MI	260	In Review	2003
	Hart – Scottville 44-69 kV Conversion	MI	710	In Review	2003
	Hart Substation Ring Bus Conversion	MI	1,100	In Review	2003
	Hart – Baseline 69 kV Line Reinforcement	MI	500	In Review	2003
	Grand Traverse / Traverse City Reinforcement	MI	1,500	In Review	2003
Wolverine Subtotal			\$9,510		

EXHIBIT 4 – Identified Projects in Non-MECS Systems to Achieve a 2,000 MW Increase in First Contingency Total Transfer Capability into MECS

Transmission Owner	Required Project	State	Cost (\$k)	Lead Time (months)	Plan Status
American Electric Power	Capacitors – installed prior to summer 1999	IN, OH	\$4,140	Complete	Complete
	Capacitors – installed prior to summer 2000	IN, OH	\$3,959	Complete	Complete
	Transformer Reactor Switches	OH	\$445	Complete	Complete
	Marysville Substation – Spare 765/345 kV transformer	OH	\$16,141	In progress	May 2001
	Orange Substation – New 765/138 kV Substation	OH	\$38,151	In progress	June 2001
	Dumont Substation – add 2 nd 765/345 kV transformer	IN	\$20,000	24	No Plan
	Cook Substation – replace wavetrap	MI	\$50	3	No Plan
			\$82,886		
FirstEnergy	Allen Junction Substation – add 138 kV capacitor	OH	\$300	9	No Plan
	Greenfield-Lakeview 138 kV line – structurally modify tower	OH	\$3,500	24	No Plan
	Bayshore Substation – replace wavetrap, relay, bus work	OH	\$156	Complete	Complete
			\$3,956		
Northern Indiana Public Service Company	Barton Lake Substation – add two 138-69 kV transformers Barton Lake area - construct two new 69 kV lines	IN	\$9,300	In progress ¹	June, 2001
	State Line-Wolf Lake-Sheffield 138 kV line – reconductor and review/erate present ratings	IN	\$1,630	NIPS planned project ¹ 9	May, 2002
	LaGrange Substation – add 138 kV capacitor	IN	\$2,500	24	No Plan
	Leesburg-Northeast-Goshen Jct 138 kV line – rebuild and review/erate present ratings	IN	\$1,200	12	No Plan
	Dune Acres-Michigan City #1 and #2 138 kV lines – reconductor and review/erate present ratings	IN	\$136	9	No Plan
	Michigan City-LaPorte Jct 138 kV line – review/erate present ratings	IN	\$10	3	No Plan
	LaGrange Substation – upgrade 138-69 kV transformers #1 and #2	IN	\$3,200	18	No Plan
	Hiple-Lagrange 138 kV line – review/erate present ratings	IN	\$60	6	No Plan
			\$18,036		
Hydro One Networks Inc	L4D – parallel two existing 345-230 kV transformers and add one 845 MVA 230 kV Phase Angle Regulator	ON	\$22,000	In progress	May, 2001
	L51D – add one 845 MVA 230 kV Phase Angle Regulator				
Non-MECS Subtotal			\$126,878		
Grand Total			\$223,953		

¹ NIPS capital improvement projects that also eliminate two limiting elements as identified in the MISS G report

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of)
International Transmission Company,)
Consumers Energy Company, and Great)
Lakes Energy Cooperative)

Case No. U- 12781

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PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

Sammie B. Dalton, being first duly sworn, deposes and says that she is employed in the Legal Department of Consumers Energy Company; that she served a copy of the "**Application**" of International Transmission Company, Consumers Energy Company and Great Lakes Energy Cooperative upon:

A. Robert Pierce, Jr., Esq.
The Detroit Edison Company
2000 Second Ave., 688 WCB
Detroit, MI 48226

Marc E. Lewis, Esq.
Indiana Michigan Power Company
One Summit Square
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Fort Wayne, IN 46801

Albert Ernst, Esq.
Jason T. Hanselman, Esq.
Dykema Gossett
800 Michigan National Tower
Lansing, MI 48933

Mr. William Celio
Michigan Public Service Commission
P.O. Box 30221
Lansing, MI 48909

at the addresses listed above by depositing the same on December 28, 2000, in the United States mail in the City of Jackson, Michigan with first-class postage thereon fully paid.

Sammie B Dalton

Subscribed and sworn to before me this 28th day of December, 2000.

Barbara L Morris

Barbara L. Morris
Notary Public, Jackson County, Michigan
My Commission Expires: 12/22/01