



Iowa Project Update

Duke-American Transmission Company

- **DATC is a 50/50 joint venture, formed in April 2011 to pursue transmission development on a national scale**
- **Transmission projects will be owned by DATC or subsidiaries**
- **DATC committed to developing projects that deliver a strong portfolio of reliability, economic and public policy benefits**
- **Services provided to DATC and subsidiaries by ATC, Duke and third parties**

DATC Proposed Midwest Portfolio (Sept. 2011)

- **Seven phases – evaluated and proposed as a strategic portfolio – across a five-state region**
- **Designed in conjunction with MISO multi-value projects (MVPs) to provide further reliability, economic, and policy benefits**
 - MVP Criteria
 - Reliably and economically enable regional public policy needs
 - Provide multiple types of regional economic value
 - Provide a combination of regional reliability and economic value
- **Utilizes a variety of transmission voltages (765, 345, 230, 161 kV) to address identified and existing system issues**
- **Utilizes advanced technology (500 kV HVDC) to provide more control over system flows and greater reliability benefits**
- **Interconnects and delivers future and existing Midwest resources to Midwest load centers**

DATC Proposed Midwest Portfolio (Aug. 2012 Update)

- **April 2012 – FERC filing for formula rates**
- **June 2012 – FERC conditionally approved request including:**
 - Use of the base Midwest ISO transmission owner return on equity of 12.38%
 - Hypothetical capital structure of 55% equity / 45% debt
 - Inclusion of Construction Work in Progress (CWIP) in rate base
 - Ability to recoup prudent project costs in the event the projects are abandoned for reasons beyond DATC's control
 - Ability to collect non-capitalized costs in a regulatory asset for amortization over a 5-year period
 - Formula rates and incentives are conditioned upon the inclusion of the projects in the Midwest ISO Transmission Expansion Plan (MTEP).
- **Next Step - Pursue Midwest ISO approval**
 - Currently in MTEP12 Appendix B

Appendix

Iowa and Illinois Project Detail (Phase 4)

Phase 4

- **Location: Northwestern Iowa to Central Illinois**
- **Benefits:**
 - Connects to proposed MVP project
 - Encourages future development of nearby wind
 - Utilizes advanced technology for improved system control and efficiency
- **Description:**
 - 161 kV – 15 miles
 - 345 kV – 99 miles
 - 345 kV double circuit – 147 miles
 - 500 kV HVDC – 435 miles
 - 5 substations
 - 1 HVDC terminal
- **Estimated Cost: \$2 billion**
- See www.datcllc.com for more information

Phase 4

- MISO MVP Projects (345-kV)
- MISO MVP Project (765-kV)
- PJM Light Load Reliability Fixes (2012-14)
- DATC Proposed 230-kV line
- DATC Proposed 345-kV line
- DATC Proposed double circuit 345-kV line
- DATC Proposed HVDC line
- DATC Future 345-kV expansion option
- (X) MISO RGOS Wind Zones
- (#) DATC Midwest Portfolio Phase ID

Wind Tree
Ties to Existing System

IA HVDC
Terminal
New

Potential
Future
expansion
of Phase 6