

Date: October 28, 2008

Dear Transmission Stakeholder:

On Thursday September 18, 2008, the Governors of Iowa, Minnesota, North Dakota, South Dakota, and Wisconsin announced the creation of the Upper Midwest Transmission Development Initiative (UMTDI). The UMTDI member states seek to accomplish two major tasks: first, to establish a plan that will guide and encourage the construction of interstate transmission lines to serve the upper Midwest region's commitment to cost-effective renewable generation while maintaining reliability; and second, to develop an equitable cost-sharing methodology.

This initiative is not intended to replace or duplicate the other regional transmission planning efforts already underway. Rather, the UMTDI Executive Committee, acting on behalf of our Governors, will build upon and unite those components into a plan that we all can support and implement.

The UMTDI addresses very complicated issues. For example some of the questions we hope to work with you to find answers to over the next six months are as follows:

1. How much renewable energy should the upper Midwest states plan for, over what time-frame, and in what increments?
2. What voltages, how many miles of new or upgraded transmission and how much related infrastructure is needed in the upper Midwest region to meet our states' renewable electricity goals, ensure regional reliability and promote economic dispatch?
3. Where are the greatest potential renewable resources located in the upper Midwest? Where are the most accessible potential renewable resources located in the upper Midwest? Where are the markets for that energy? What are the likely and most appropriate means to deliver renewable generation to load?
4. Once potential generation sites are determined along with development timeframes what are the estimated costs of constructing an economically and operationally optimal network of needed transmission additions or upgrades? Over what timeframe?
5. What options exist to control or mitigate the costs of transmission construction?
6. How should the costs of needed transmission construction be apportioned across the region? For example, should producers and/or sellers of the energy interconnected to a particular transmission line be apportioned a certain percentage for delivering their product over that line? Should energy buyers/users of energy delivered by a specific powerline bear a cost allocation percentage for

that line? Should States through which a transmission line crosses but does not necessarily provide energy pay a portion of the costs of the transmission line?

7. What benefits from transmission additions can be demonstrated, how are they measured, and what is the business case for investments in these facilities?

As this Initiative begins, we would appreciate your thoughts on the above-mentioned questions. We would also encourage you to raise other issues of concern to you which may not be noted above. We ask that your responses be as concise as possible and that you submit them at umtdi@misostates.org on or before November 21, 2008, after which they will be posted to <http://www.misostates.org/UMTDIList.htm>. In the meantime, we will be developing a formal initiative process that will be inclusive, transparent, iterative, and effective.

Finally, we will hold a stakeholder meeting on November 7, 2008 from 1:00 to 3:00pm at the Midwest ISO St. Paul offices. While we hope that you can attend in person, we will provide teleconference linkage to the meeting. You can register for the meeting and get the conference number if desired at <http://events.SignUp4.net/UMTDI110708>. Registration will close on Wednesday, November 5.

Thank you in advance for your assistance. We look forward to working with you to take this important step in planning for electric transmission that will serve our region's energy and renewable needs well.

Iowa:

Commissioner John Norris, Chair, Iowa Utilities Board
Roya Stanley, Director, Office of Energy Independence

Minnesota:

Commissioner David Boyd, Chair, Minnesota Public Utilities Commission
Mr. Joshua Gackle, Office of the Governor, State of Minnesota

North Dakota:

Commissioner Susan Wefald, President, North Dakota Public Service Commission
Commissioner Tony Clark, North Dakota Public Service Commission
Ms. Sandi Tabor, Director of North Dakota Transmission Authority

South Dakota:

Commissioner Gary Hanson, Chair, South Dakota Public Utilities Commission
Mr. Hunter Roberts, Energy Policy Director for the State of South Dakota

Wisconsin:

Commissioner Eric Callisto, Chair, Wisconsin Public Service Commission
Nate Zolik, Executive Assistant to the Chair, Wisconsin Public Service Commission