

143 FERC ¶ 61,123  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinohoff, Chairman;  
Philip D. Moeller, John R. Norris,  
Cheryl A. LaFleur, and Tony Clark.

ITC Arkansas LLC  
ITC Louisiana LLC  
ITC Mississippi LLC  
ITC Texas LLC

Docket No. ES13-5-000

ORDER AUTHORIZING ISSUANCES OF SECURITIES

(Issued May 16, 2013)

1. On October 31, 2012, ITC Arkansas LLC, ITC Louisiana LLC, ITC Mississippi LLC, and ITC Texas LLC (collectively, ITC Midsouth Operating Companies or Applicants) filed an application pursuant to section 204 of the Federal Power Act (FPA)<sup>1</sup> (Application) seeking Commission authorization: (1) to issue debt securities in an aggregate amount up to \$1.6 billion, in the form of first mortgage bonds or other long-term debt; and (2) to assume and draw down on an unsecured working capital revolving credit facility or facilities (Revolver) in an aggregate amount up to \$1 billion. We will grant the authorizations as discussed below.

**I. Background**

2. On December 4, 2011, ITC Holdings Corp. (ITC), Entergy Corporation (Entergy) and the Entergy Operating Companies entered into agreements under which the Entergy Operating Companies<sup>2</sup> will separate their electric transmission business into separate subsidiary companies that will be owned by an Entergy intermediate holding company, Mid South TransCo LLC (Mid South).<sup>3</sup> Each Entergy Operating Company will create a corresponding Mid South Operating Company subsidiary and transfer its transmission assets (except for

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<sup>1</sup> 16 U.S.C. § 824c (2006).

<sup>2</sup> The Entergy Operating Companies are Entergy Louisiana, LLC (Entergy Louisiana), Entergy Gulf States Louisiana, L.L.C. (Entergy Gulf States Louisiana), Entergy Arkansas, Inc. (Entergy Arkansas), Entergy Mississippi, Inc. (Entergy Mississippi), Entergy New Orleans, Inc. (Entergy New Orleans), and Entergy Texas, Inc. (Entergy Texas).

<sup>3</sup> Application at 4.

minor facilities such as step-up transformers) to that Mid South Operating Company at net book value. The Mid South Operating Companies are: Transmission Company Arkansas, LLC, Transmission Company Louisiana I, LLC, Transmission Company Louisiana II, LLC, Transmission Company New Orleans, LLC, Transmission Company Mississippi, LLC, and Transmission Company Texas, LLC. Specifically, each of the Entergy Operating Companies will then distribute 100 percent of the membership interests in its corresponding Mid South Operating Company to Entergy, which, in turn, will contribute such membership interests to Mid South, so that the Mid South Operating Companies will become wholly-owned subsidiaries of Mid South. Entergy will then distribute the common units of Mid South to Entergy's shareholders through a spin-off, split-off, or combination of a spin-off and split-off and Mid South will merge with a new intermediate holding company, ITC Midsouth LLC (ITC Midsouth).<sup>4</sup> Mid South will be the surviving entity, under ITC ownership, but will be renamed ITC Midsouth, with the four ITC Midsouth Operating Companies as subsidiaries. This separation and merger transaction is referred to as the Entergy-ITC Transaction.<sup>5</sup> After the Entergy-ITC Transaction closes, ITC Midsouth Operating Companies will be independent transmission companies engaged exclusively in the transmission of electric energy in interstate commerce, and subject to the requirements of FPA section 204.<sup>6</sup> Entergy will continue to own the Entergy Operating Companies with their generation and local distribution assets.<sup>7</sup>

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<sup>4</sup> *Id.*

<sup>5</sup> As discussed in further detail below, the Entergy-ITC Transaction is part of the Joint Merger Application filed on September 24, 2012 in Docket Nos. EC12-145-000, ER12-2681-000, and EL12-107-000, by ITC, Entergy, and Midwest Independent Transmission System Operator, Inc. (MISO), under FPA sections 203, 205 and 305(a) (collectively, Joint Merger Proceeding). Applicants explain that "in a split-off the stock of [Mid South TransCo] is distributed to participating shareholders of [Entergy] in exchange for stock of [Entergy], while in a spin-off the stock of [Mid South] is distributed pro rata to all the shareholders of [Entergy]." Joint Merger Application, Exhibit ITC-700 at 3 & n.1.

<sup>6</sup> Application at 8. Applicants explain that, under ITC ownership, three of the Mid South Operating Companies (Transmission Company Louisiana I, LLC, Transmission Company Louisiana II, LLC, and Transmission Company New Orleans, LLC) will be combined to form ITC Louisiana LLC, and that Transmission Company Arkansas, LLC will become ITC Arkansas LLC, Transmission Company Mississippi, LLC will become ITC Mississippi LLC, and Transmission Company Texas, LLC will become ITC Texas LLC. Application at n.16.

<sup>7</sup> *Id.* at 5.

3. The Mid South Operating Companies, are concurrently with this Application, seeking authorization under section 204 to obtain the Revolver in an aggregate amount up to \$1 billion.<sup>8</sup> Applicants explain that the Revolver is not for the benefit of Entergy or the Entergy Operating Companies, but rather is intended to allow the ITC Midsouth Operating Companies to have funds available to conduct day-to-day business upon the closing of the Entergy-ITC Transaction.<sup>9</sup> After the Entergy-ITC Transaction is complete, the Revolver will move with the Mid South Operating Companies under ITC ownership.<sup>10</sup> Applicants state that the total number of Revolvers at the Mid South Operating Companies is unknown at this time, but ITC anticipates that there will be no more than four.<sup>11</sup>

4. The Mid South Operating Companies are also concurrently with this Application seeking authorization under section 204 for a bridge facility of up to \$1.6 billion and with a term of 366 days (Bridge Facility).<sup>12</sup> Applicants explain that the Bridge Facility will be assumed by the ITC Midsouth Operating Companies at the closing of the Entergy-ITC Transaction, and will be subsequently refinanced with the longer-term debt issuances for which authority is requested in this proceeding.<sup>13</sup> More specifically, Applicants further explain that, within 270 days after closing of the Entergy-ITC Transaction, the ITC Midsouth Operating Companies will refinance the Bridge Facility with up to \$1.6 billion of longer-term debt.<sup>14</sup>

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<sup>8</sup> *Id.* at 7. The section 204 application to obtain the Revolver was filed in Docket No. ES13-6-000.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 7-8.

<sup>12</sup> That application was filed in Docket No. ES13-6-000. Also concurrently with the filing of the Application in this proceeding, the Entergy Operating Companies filed an application under section 204 in Docket No. ES11-40-002 to request authorization for a modification of a previously granted authorization in order to provide credit support in the form of short-term guarantees of borrowings by the Mid South Operating Companies under the Bridge Facility.

<sup>13</sup> Application at 2.

<sup>14</sup> *Id.* at 7.

## II. Application

### A. Long-Term Debt Issuance

5. The ITC Midsouth Operating Companies seek Commission approval for the issuance of debt securities in an amount up to \$1.6 billion in first mortgage bonds or other long-term debt, depending on market conditions, to be used to refinance the Bridge Facility transferred from each Mid South Operating Company subsequent to closing of the Entergy-ITC Transaction.<sup>15</sup> Applicants state that the long-term debt securities will be allocated to each of the ITC Midsouth Operating Companies in the following amounts: ITC Arkansas LLC – up to \$400 million, ITC Louisiana LLC – up to \$650 million, ITC Mississippi LLC – up to \$275 million and ITC Texas LLC – up to \$275 million.<sup>16</sup> Applicants base these estimates on the anticipated allocation of the Bridge Facility among the Mid South Operating Companies, which cannot be precisely quantified at this time. Applicants state that the final allocation of the Bridge Facility among the Mid South Operating Companies will not be known until the closing of the Entergy-ITC Transaction.<sup>17</sup> Applicants also seek approval for the ITC Midsouth Operating companies to assume and draw down the unsecured Revolver in an aggregate amount up to \$1 billion after closing of the Entergy-ITC Transaction.<sup>18</sup>

6. Applicants further state that the coupon rate for the first mortgage bonds or other long-term debt will be the commercially available rate at the time of issuance, which Applicants currently estimate to be approximately 6 percent.<sup>19</sup> The ITC Midsouth Operating Companies state that this interest rate will not exceed the thirty-year U.S. Treasury rate, as published in the Wall Street Journal at the time of issuance, plus 300 basis points.<sup>20</sup>

### B. Revolver

7. As previously noted, the ITC Midsouth Operating Companies are requesting authorization to assume and draw down on the Revolver at the time of closing of the Entergy-ITC Transaction. Specifically, the ITC Midsouth Operating Companies request authorization to issue up to \$1 billion in aggregate of long-term, unsecured notes under the Revolver (or separate Revolvers) to be allocated to each of the Mid South Operating Companies in the

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<sup>15</sup> *Id.* at 8.

<sup>16</sup> *Id.* at 11-12.

<sup>17</sup> *Id.*

<sup>18</sup> *Id.* at 8.

<sup>19</sup> *Id.* at 13.

<sup>20</sup> *Id.*

following amounts, representing the projected maximum amount that each ITC Midsouth Operating Company may borrow under the Revolver: ITC Arkansas LLC – up to \$250 million, ITC Louisiana LLC – up to \$325 million, ITC Mississippi LLC – up to \$150 million, and ITC Texas LLC – up to \$275 million.<sup>21</sup> The term of the Revolver (or separate Revolvers) will be up to five years.<sup>22</sup>

8. Applicants indicate that the interest rate for the Revolver(s) will be based on the two-week, one-month, two-month, three-month or six-month London Interbank Offered Rate (LIBOR) in effect at the time of borrowing, plus up to 250 basis points.<sup>23</sup>

### **III. Notices of Filing, Interventions, and Protests**

9. Notice of the Application was published in the *Federal Register*, 77 Fed. Reg. 67,358 (2012), with interventions and protests due on or before November 21, 2012. Arkansas Electric Cooperative Corporation (Arkansas Electric Cooperative) filed a motion to intervene and protest. Applicants filed an answer. Arkansas Public Service Commission (Arkansas Commission) filed an untimely motion to intervene.

### **IV. Discussion**

#### **A. Procedural Matters**

10. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,<sup>24</sup> the timely, unopposed motion to intervene of Arkansas Electric Cooperative serves to make it a party to this proceeding.

11. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure<sup>25</sup> prohibits an answer to a protest or answer unless otherwise ordered by the decisional authority. We will accept Applicants' answer to Arkansas Electric Cooperative's protest because it has provided information that assisted us in our decision-making process.<sup>26</sup>

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<sup>21</sup> *Id.* at 12-13.

<sup>22</sup> *Id.* at 14.

<sup>23</sup> *Id.* at 13.

<sup>24</sup> 18 C.F.R. § 385.214 (2012).

<sup>25</sup> 18 C.F.R. § 385.213(a)(2) (2012).

<sup>26</sup> *See, e.g., Public Service Company of Colorado*, 138 FERC ¶ 61,025, at P 12 (2012); *Midwest ISO, Inc. v. PJM Interconnection, L.L.C.*, 131 FERC ¶ 61,284, at P 51 (2010).

12. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure,<sup>27</sup> the Commission will grant Arkansas Commission's late-filed motion to intervene given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

**B. Analysis Under Section 204**

13. FPA section 204(a) provides that requests for authorization to issue securities or to assume obligations or liabilities shall be granted if the Commission finds that the issuance: (1) will be for some lawful object, within the corporate purposes of the applicant and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the applicant of service as a public utility which will not impair its ability to perform that service; and (2) is reasonably necessary or appropriate for such purposes.<sup>28</sup>

14. We find, based on the facts set forth in the Application, that Applicants have demonstrated that Commission approval of the proposed issuance of securities and assumptions of obligations or liabilities sought in this Application: (1) will be for lawful objects within the corporate purposes of each of the ITC Midsouth Operating Companies and compatible with the public interest, necessary or appropriate for or consistent with the proper performance by each of the ITC Midsouth Operating Companies of service as public utilities, and will not impair their ability to perform that service; and (2) are reasonably necessary or appropriate for such purposes.

15. As explained by Applicants, the Revolver will be used for general utility purposes to help ensure that the ITC Midsouth Operating Companies each have liquidity to meet their individual working capital needs and to invest in the operation, maintenance and improvement of their respective transmission facilities. The proceeds from the proposed issuance of first mortgage bonds will be used to refinance the up to \$1.6 billion, 366-day Bridge Facility that the ITC Midsouth Operating Companies will assume upon completion of the Entergy-ITC Transaction.<sup>29</sup> Additionally, the Revolver that the ITC Midsouth Operating Companies will assume and draw down upon will be used, among other things, to provide capital for the day-to-day operations of the ITC Midsouth Operating Companies.

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<sup>27</sup> 18 C.F.R. § 385.214(d) (2012).

<sup>28</sup> 16 U.S.C. § 824c(a) (2006).

<sup>29</sup> Application at 14-15. We are not making any findings here on the Joint Merger Application. The Joint Merger Application will be addressed in a separate order in the Joint Merger Proceeding.

16. Accordingly, we authorize the following:
- a. ITC Midsouth Operating Companies are authorized to issue long-term first mortgage debt securities, or other long-term debt in an aggregate amount not to exceed \$1.6 billion, allocated to each of the ITC Midsouth Operating Companies in the projected maximum amounts: ITC Arkansas LLC – up to \$400 million, ITC Louisiana LLC – up to \$650 million, ITC Mississippi LLC – up to \$275 million, and ITC Texas LLC – up to \$275 million.
  - b. The interest rate for the up to \$1.6 billion in first mortgage debt securities or other long-term debt will be the commercially available rate at the time of issuance, which is currently estimated to be approximately 6 percent. The interest rate will not exceed the thirty-year U.S. Treasury rate, as published in the Wall Street Journal at the time of issuance, plus up to 300 basis points.
  - c. ITC Midsouth Operating Companies are also authorized to issue up to \$1 billion in aggregate of long-term, unsecured notes pursuant to the terms of the Revolver (or separate Revolvers) allocated to each of the ITC Midsouth Operating Companies in the projected maximum amounts: ITC Arkansas LLC – up to \$250 million, ITC Louisiana LLC – up to \$325 million, ITC Mississippi LLC – up to \$150 million, and ITC Texas LLC – up to \$275 million.
  - d. The interest rate for the Revolver will be based on the two-week, one-month, two-month, three-month or six-month London Interbank Offered Rate (LIBOR) in effect at the time of borrowing, plus up to 250 basis points.
17. Typically, the Commission utilizes an interest coverage calculation in order to determine under section 204 that the undertaking “will not impair [a public utility’s] ability to perform” service as a public utility. And, typically, the Commission bases its finding that a proposed issuance of securities will not impair an applicant’s ability to perform service as a public utility in part upon the applicant’s demonstration that it will have an interest coverage ratio that is 2.0 or higher.<sup>30</sup> Applicants state that they have filed, as Exhibits C, D and E to the Application, *pro forma* financial statements that are based on the “carve out” financial statements, as of June 30, 2012, for the Entergy Operating Companies’ transmission business, that is, the business that, upon completion of the Entergy-ITC Transaction, will be transferred to the ITC Midsouth Operating Companies. Applicants explain that the Entergy Operating Companies’ transmission business “carve out” financial statements are based on financial statements that are included in filings with the Securities and Exchange Commission. Applicants used these “carve out” financial statements to create unaudited FERC Form No. 1 format financial statements by operating company as the basis for Exhibits C, D, and E

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<sup>30</sup> *Startrans IO, L.L.C.*, 122 FERC ¶ 61,253, at P 18 (2008) (*Startrans*).

attached to the Application.<sup>31</sup> Based on such *pro forma* financial statements, the computation of interest coverage for each ITC Midsouth Operating Company shows an interest coverage ratio of 2.0 or higher.

18. In *Westar*, the Commission announced four restrictions on all future public utility issuances of secured and unsecured debt.<sup>32</sup> First, public utilities seeking authorization to issue debt backed by a utility asset must use the proceeds of the debt for utility purposes. Second, if any utility assets that secure debt issuances are divested or “spun off,” the debt must follow the asset and also be divested or spun off. Third, if any of the proceeds from unsecured debt are used for non-utility purposes, the debt must follow the non-utility assets. Specifically, if the non-utility assets are divested or spun off, then a proportionate share of the debt must follow the divested or spun off non-utility asset. Finally, if utility assets financed by unsecured debt are divested or spun off to another entity, then a proportionate share of the debt must also be divested or spun off. Applicants state in their application that the ITC Midsouth Operating Companies will comply with the *Westar* conditions.<sup>33</sup>

### C. Arkansas Electric Cooperative’s Protest

#### 1. Protest

19. Arkansas Electric Cooperative argues that the Commission should set the Application in this proceeding, as well as two other related applications filed under section 204 in Docket Nos. ES13-6-000 and ES11-40-002, for hearing, or condition approval of the applications filed under section 204 on disposition of the Joint Merger Application.<sup>34</sup> Arkansas Electric Cooperative argues that the applications do not provide the Commission with sufficient basis to find that the debt issuances in connection with the Entergy-ITC Transaction are compatible with the public interest.<sup>35</sup> For example, Arkansas Electric Cooperative points out that Entergy and ITC acknowledge that the net effect of the Entergy-ITC Transaction would be an immediate increase in transmission rates over those that would prevail without the Entergy-ITC Transaction, but have understated the likely rate increase.<sup>36</sup> Arkansas Electric Cooperative maintains that any benefits described by Entergy and ITC in the form of better

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<sup>31</sup> Application at 18-19. Applicants have requested any applicable waivers of the Commission’s regulations. *Id.* n.25.

<sup>32</sup> *Westar Energy, Inc.*, 102 FERC ¶ 61,186, at PP 20-21 (2003).

<sup>33</sup> Application at 17.

<sup>34</sup> Arkansas Electric Cooperative Protest at 2.

<sup>35</sup> *Id.* at 6.

<sup>36</sup> *Id.* at 7.

planning and operations are pure speculation and it is unclear whether such benefits would outweigh the costs.<sup>37</sup>

20. Arkansas Electric Cooperative also raises issues with respect to the return on equity and equity/debt ratio proposed in the Joint Merger Application, and makes arguments regarding an increase in transmission rates that it states will result from the Entergy-ITC Transaction. With respect to the ITC Midsouth Operating Companies requested equity/debt ratio, Arkansas Electric Cooperative asserts that ITC's average consolidated capital structure during the last four years (2008-2011) was 30 percent equity and 70 percent debt at the holding company level and 60 percent equity and 40 percent debt at the operating subsidiary level.<sup>38</sup> It contends that this data shows that ITC has issued large sums of holding company debt and pushed this debt down to the operating companies as equity investment, enabling it to earn an equity return on its holding company debt.<sup>39</sup> Arkansas Electric Cooperative further asserts that no information was provided about ITC's consolidated capital structure after the Entergy-ITC Transaction, but that there is no reason to conclude that the capital structure at the holding company level will approach the requested capital structure of the operating subsidiaries.<sup>40</sup> Therefore, Arkansas Electric Cooperative maintains that ITC's holding company level debt would earn equity returns in the rates to be charged to users of the former Entergy transmission system.<sup>41</sup>

21. Arkansas Electric Cooperative argues that the proposed 60 percent equity ratio for the ITC Midsouth Operating Companies is much higher than would be the case if the Entergy-ITC Transaction did not occur. According to Arkansas Electric Cooperative, the effect of the change in the capital structure under ITC ownership would increase the 2014 gross revenue requirement of the ITC Midsouth Operating Companies, while at the same time permitting the ITC Midsouth Operating Companies to have lower borrowing costs than the Entergy Operating Companies.<sup>42</sup> It contends that the higher equity ratio and the lower borrowing costs results in the ITC Midsouth Operating Companies being able to charge higher transmission rates than would the Entergy Operating Companies as transmission owners in MISO.<sup>43</sup>

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<sup>37</sup> *Id.*

<sup>38</sup> *Id.* at 8-9.

<sup>39</sup> *Id.* at 9.

<sup>40</sup> *Id.* at 9-10.

<sup>41</sup> *Id.* at 10.

<sup>42</sup> *Id.* at 11.

<sup>43</sup> *Id.* at 12.

## 2. Answer

22. Applicants respond that Arkansas Electric Cooperative has not justified setting the Application for hearing. Additionally, Applicants respond to Arkansas Electric Cooperatives' request that the Commission condition its authorization on the disposition of the Joint Merger Application, by pointing out that the debt issuances pursuant to the authorizations under section 204 will not be exercised unless the Commission grants the authorizations sought in the Joint Merger Application. Therefore, they assert that there is no need to formally link the two proceedings. They also contend that Arkansas Electric Cooperative has raised no issue relevant to this proceeding that requires a hearing and that the Commission's rules do not require applicants seeking authorization under section 204 of the FPA to address costs and benefits of proposed transactions related to the financings or to litigate issues already being addressed in parallel proceedings under sections 203 and 205.<sup>44</sup>

23. Applicants contend that this proceeding is not the place to devise rate policies and that Arkansas Electric Cooperative's concerns with equity allowances and capital structures are more properly addressed in the Joint Merger Proceeding. They thus argue that the Commission should defer its consideration of rate effects to the Joint Merger Proceeding. Applicants point out that, in a previous proceeding under section 204, the Commission denied requests for consolidation with ongoing proceedings under sections 203 and 205, and explained that the section 204 order would not prejudice any issue in the related section 203 or 205 proceedings.<sup>45</sup> Applicants contend that the issue in this section 204 proceeding is not whether the Entergy-ITC Transaction is compatible with the public interest, which will be determined in the Joint Merger Proceeding, but whether the financings for which authorizations are sought in this proceeding meet the standard under the statute.

## 3. Commission Determination

24. We deny Arkansas Electric Cooperative's requests to set this proceeding for hearing with the Joint Merger Proceeding and for a consolidated hearing. The decision whether to conduct a hearing is within the Commission's discretion and an evidentiary hearing is required only when a genuine issue of material fact exists.<sup>46</sup> Arkansas Electric Cooperative has not raised any issues of material fact with respect to the Application in this proceeding, but instead, raises arguments related to issues under sections 203 or 205 in the Joint Merger Proceeding. The Commission has previously denied a request to consolidate a proceeding under section 204 with related proceedings under sections 203 and 205 for purposes of a trial-type evidentiary hearing, when there is no section 204 issue that requires a hearing in this

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<sup>44</sup> Applicants' Answer at 7.

<sup>45</sup> *Id.* at 5 (quoting *Startrans*, 122 FERC ¶ 61,253).

<sup>46</sup> *Virginia Electric and Power Company*, 84 FERC ¶ 61,254 (1998).

case.<sup>47</sup> We also note that Arkansas Electric Cooperative, along with other entities, has subsequently filed a protest in the Joint Merger Proceeding raising the same arguments it has raised in this proceeding.<sup>48</sup>

25. Additionally, we find that the issues raised by Arkansas Electric Cooperative with respect to the return on equity, along with the 60/40 equity/debt ratio, and the transmission rate increase are beyond the scope of this section 204 proceeding. Because these issues are more appropriately addressed in the Joint Merger Proceeding, and the issuance of long-term debt securities for which authorization is requested in this proceeding will not occur unless the Entergy-ITC Transaction is approved and consummated, it is unnecessary to address Arkansas Electric Cooperative's arguments here.

26. This authorization is also conditioned upon the ultimate approval of Entergy, ITC, and MISO's application under sections 203 and 205, which are currently under review. The Entergy-ITC Transaction is the public utility purpose underlying this section 204 authorization and the rates under review in the section 205 proceeding are the principal source of revenue through which the debt authorized in this order will be serviced. This order does not prejudice any issue in the section 203 or 205 proceedings.<sup>49</sup>

The Commission orders:

(A) ITC Midsouth Operating Companies are hereby authorized to issue long-term debt securities in the form of first mortgage bonds or other long-term debt in an aggregate amount not to exceed \$1.6 billion at the interest rates stated in the body of this order.

(B) ITC Midsouth Operating Companies are hereby authorized to issue long-term debt securities in the form of notes under one or more revolving credit facilities in an aggregate amount not to exceed \$1 billion at the interest rates stated in the body of this order.

(C) The authorizations granted in this order are effective as of the date of this order and terminate two years thereafter.

(D) This authorizations granted are subject to the restrictions specified in the body of this order and the restrictions on secured and unsecured debt as outlined in *Westar*.

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<sup>47</sup> Applicants' Answer at 8 (quoting *Startrans*, 122 FERC ¶ 61,253 at P 25).

<sup>48</sup> See Arkansas Electric Cooperative, *et al.*, Protest and Motion to Consolidate, Docket No. EC12-145-000 (filed January 22, 2013).

<sup>49</sup> See *Startrans*, 122 FERC ¶ 61,253 at P 29.

(E) ITC Midsouth Operating Companies are each granted waiver from compliance with the Commission's competitive bidding and negotiated placement requirements at 18 C.F.R. § 34.2(a) (2012).

(F) ITC Midsouth Operating Companies each must each file a Report of Securities Issued, under 18 C.F.R. §§ 34.9, 131.43, and 131.50 (2012), no later than 30 days after the issuance of long-term debt securities as authorized in this order.

(G) The authorizations granted in Ordering Paragraphs (A) and (B) above are without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determination of cost or any other matter whatsoever now pending or which may come before this Commission.

(H) Nothing in this order shall be construed to imply any guarantee or obligation on the part of the United States with respect to any security to which this order relates.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.