
FEDERAL ENERGY REGULATORY COMMISSION

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NEWS RELEASE

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FOR IMMEDIATE RELEASE

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Docket Nos. EC02-23-000 and
ER02-320-000

COMMISSION APPROVES FIRST ACQUISITION OF UTILITY'S TRANSMISSION ASSETS BY INDEPENDENT TRANSMISSION COMPANY

The Federal Energy Regulatory Commission today conditionally approved the transfer of transmission facilities from a Michigan utility's subsidiary to an independent transmission company. The company will be the first independent transmission company to acquire the assets of an investor-owned utility.

Transmission facilities formerly owned by Consumers Energy Company will be transferred to Michigan Transco Holdings, which will become an independent, for-profit transmission company, a so-called transco, once the Commission's conditions are met.

The transco's parent company, Trans-Elect, Inc., focuses solely on the acquisition of transmission systems from investor-owned utilities and other transmission owners. Its goal is to create a network of transcos under a regional transmission organization (RTO).

Trans-Elect, Michigan Transco Holdings, and Michigan Electric Transmission Company (METC) asked the Commission to allow Consumers to convert its wholly owned transmission subsidiary, METC, into a limited liability company, Michigan Transco, and transfer its interests in Michigan Transco to an unaffiliated entity, Michigan Transco Holdings.

Today's order requires that certain innovative rates may not go into effect until the new transco becomes part of an RTO, the Midwest Independent System Operator (MISO).

The Commission's actions underline its interest in encouraging RTO development in the Midwest.

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Trans-Elect, Michigan Transco Holdings and METC do not own any generation and there will be no change in the ownership or control of generation as a result of the creation of the transco.

The Commission notes that transmission service will be provided by an entity that has no affiliation with any market participant. This being so, the proposed transfer will not adversely affect competition. In fact, the Commission expects that competition will be enhanced.

Nor is there any evidence that the transaction will adversely affect rates or regulation.

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