



Elective Undergrounding

BUSINESS PRACTICE

Overhead/above ground construction is ATC's standard construction practice for all new transmission lines that are planned and constructed by ATC. Any entity that requests ATC to pursue underground construction of a transmission line, which is otherwise existing or designated for overhead construction, will be responsible for the marginal costs between building overhead and underground. The entity will also be responsible for any applicable study costs if it requests that a feasibility study be performed to estimate the projected cost difference between overhead and underground.

SCOPE AND APPLICABILITY

ATC generally will not consider underground transmission line construction, except under limited circumstances. This policy arises from the fact that overhead transmission lines are considerably more economical to construct, operate, and maintain than underground transmission lines of equivalent capability. In addition, service restoration issues typically are of greater concern with underground transmission lines as compared to overhead transmission construction, which can affect reliability.

The specific circumstances in which ATC will consider underground transmission line construction include the following:

1. Undergrounding is required by mandate of an appropriate state regulatory governmental authority (e.g. MPSC, PSCW, and ICC), including a directive in a Certificate of Authority (CA) or Certificate of Public Convenience and Necessity (CPCN) from the Public Service Commission of Wisconsin.
2. Underground right-of-way and/or facilities already exist and are deemed reasonable by ATC for additional construction and operation.
3. Improved cost effectiveness for all ATC customers as determined by ATC.
4. Undergrounding of transmission infrastructure provides the ability to meet project in-service dates on critical path projects and where the cost of undergrounding is less than the system impact cost of missing the in-service date as determined by ATC.
5. Facilities are necessary in a specific location and undergrounding is the only viable option as determined by ATC.

6. ATC receives from a customer/community/entity a request and an agreement to pay the difference in cost between overhead and underground construction.

These requests will not be considered unless ATC makes a determination that undergrounding is feasible from a technical and operational perspective and the Requestor has entered into a Line Relocation Agreement (LRA) with ATC.

In the event that items 1-5, as outlined above, are not applicable, and ATC has made a determination that undergrounding is technically and operationally feasible, the customer/community/entity requesting underground construction as an alternative to overhead construction is responsible for all costs beyond the projected costs for comparable overhead construction.

When a request under subsection 6, as outlined above, is made to ATC, a preliminary screening cost will be provided by ATC to the Requestor. This preliminary estimate is intended to allow the Requestor to make a decision concerning whether or not they wish to further pursue undergrounding. At that point, the Requestor may opt to proceed by entering into a Line Relocation Study Agreement (LRSA). The LRSA will provide the terms and conditions under which the Company will evaluate the feasibility of undergrounding the line and the assignment of costs associated with the evaluation process. The Requestor is responsible for all costs associated with the underground feasibility Study. The Requestor may then opt to proceed by entering into a LRA that will delineate the terms and conditions under which ATC will actually perform the undergrounding. Once the Requestor and ATC enter into the appropriate agreement, all necessary regulatory approvals will be obtained before construction of the underground line can commence.

SUPPORTING INFORMATION

All correspondence concerning elective line undergrounding should be directed to ATC's Real Estate Department. ATC's Real Estate Department coordinates all elective line undergrounding requests both externally (in communication with the Requestor) and internally (in consultation with other ATC departments). The ATC Real Estate Department also coordinates the preparation of necessary documents and agreements such as the LRSA and the LRA. The ATC Real Estate Department is also responsible for any necessary revisions to existing real estate documents such as easements and releases of easements associated with elective line undergrounding.

Once an ATC Real Estate Representative has been assigned to the elective line undergrounding, that person will provide the Requestor with a copy of the LRSA. The Requestor must submit a deposit to compensate ATC for the cost of evaluating the elective line undergrounding and preparing an estimate of the costs to proceed. The Requestor must also submit all the necessary information concerning the elective line undergrounding, including, but not limited to:

1. A description of the line to be relocated;

2. The reason for the relocation request;
3. The time frame in which the Requestor would like the relocation to be completed;
4. The full name, address, telephone number and motivation of the Requestor seeking the relocation;
5. The completed LRSA;
6. The deposit (as determined by ATC).

Within forty five (45) days of the receipt of the deposit due from the Requestor, ATC will begin to perform the evaluation or study of the facilities in accordance with the Requestor's evaluation request and provide the Requestor with a written report (Evaluation Report) regarding their request when the study is complete. In the event that both ATC and the Requestor determine that it is in their mutual interest to make such a change or modification, the Requestor will enter into a LRA with ATC setting forth the specific terms, conditions and limitations associated with such reconstruction, relocation, change or modification to the ATC facilities.

Prior to the commencement of the work, the Requestor must pay ATC in advance for all costs and expenses estimated by ATC to perform the elective line undergrounding as determined by ATC including a tax gross up to cover any tax implication. After the work is completed, ATC will calculate its actual expenses incurred in performing the work, and render its final statement to the Requestor for costs incurred within ninety (90) days of completion of the work. In the event that the advance payment for all costs and expenses to perform the elective line undergrounding exceeds the actual costs incurred by ATC, ATC will reimburse the Requestor for the overpayment within thirty (30) days of the date of the final statement. In the event that ATC's actual costs and expenses incurred in performing the work exceed the initial estimated deposit, the Requestor shall reimburse the additional costs and expenses incurred by ATC in performing the work within thirty (30) days after the date of ATC's final statement.

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