



Asset Acquisition

BUSINESS PRACTICE

ATC welcomes the opportunity to acquire additional transmission assets that complement our existing network. The process of transferring assets with Net Book Values of less than \$10,000,000 to ATC is begun with a proposal of transfer, written by the current facility owner, and received by ATC. Once received, ATC will delineate the information needed to evaluate the proposed transfer. At the conclusion of the due diligence process, ATC shall decide whether to accept the proposal and communicate its decision with the prospective transferor by letter. (Assets meeting certain net book value criteria may be requested for transfer in exchange for membership units in ATC LLC. All acquisitions involving ATC membership units require approval by the ATC Board of Directors.)

SCOPE AND/OR APPLICABILITY

A due diligence review will be performed for assets proposed to be transferred. This review may include, but is not limited to, the following activities: engineering review of facilities, financial analysis of property units; physical inspection of facilities, environmental review and assessment of associated land rights. Supporting documentation will be required from the prospective transferor. Required documentation includes:

1. Physical and Electrical drawings to demonstrate the current facility configuration and capability
2. An inventory, including plant accounting records, to determine the current facility Net Book Value
3. Historical operation and maintenance documentation
4. Documented proof of land rights to be transferred.

SUPPORTING INFORMATION

Facilities proposed for transfer will be evaluated upon information supplied by the prospective transferor as well as ATC generated data. ATC will provide an *Asset Transfer Customer Checklist* (attached as Exhibit 1), which will describe in detail the information requested. ATC intends to complete the review process within two (2) months of receipt of the necessary information. Upon the conclusion of the review, written notification will be provided and, if approved, ATC will propose

an *Asset Purchase Agreement* appropriate for the transaction. Such a transaction may require approval from applicable regulatory agencies, and will need to be received before any transaction can be finalized. It is anticipated the entire transfer process may be completed in approximately six (6) months following receipt of the information needed for ATC's review. All questions, written proposals, informational documents and correspondence can be directed to the following contact person at ATC:

Contract Administrator
2 Fen Oak Court
Madison, WI 53718
608) 877-7621 telephone
608) 877-3602 facsimile

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Exhibit 1 - Asset Transfer Customer Checklist

- Written proposal of transfer of transmission facility ownership to ATC

Full Inventory of all facilities to be considered

- Property units by vintage
- Original costs and accumulated depreciation
- Nameplate information (e.g. ratings and serial numbers on transformers, circuit breakers, RTU equipment, etc.)
- Operational and maintenance history

Real Estate documents

- Existing land rights (easement and/or fee) for assets proposed to be transferred
- Land survey and title insurance if transmission only substation is to be transferred
- Permits (e.g. Corps of Engineers, Resolution for use of road right-of-way, Forest Service, Highway, etc.)
- Railroad Licenses
- Existing third-party pole attachment agreements
- Map that depicts land rights to be transferred and location of any existing underbuild

Engineering drawings

- Electrical and physical drawings
- Plan and profile/elevation
- One-line diagram
- Site-layout, including metering, relaying and SCADA equipment
- System capability data

Environmental documents

- Phase 1 property assessment - if ownership of property is to be transferred