



Access Update

Network Customer Meeting
May 25, 2006

Introduction

- Two “access” efforts
 - Access/congestion metric
 - Paddock-Rockdale project
- “Access and congestion” refers to ATC customers’ ability to move power into and around the system.

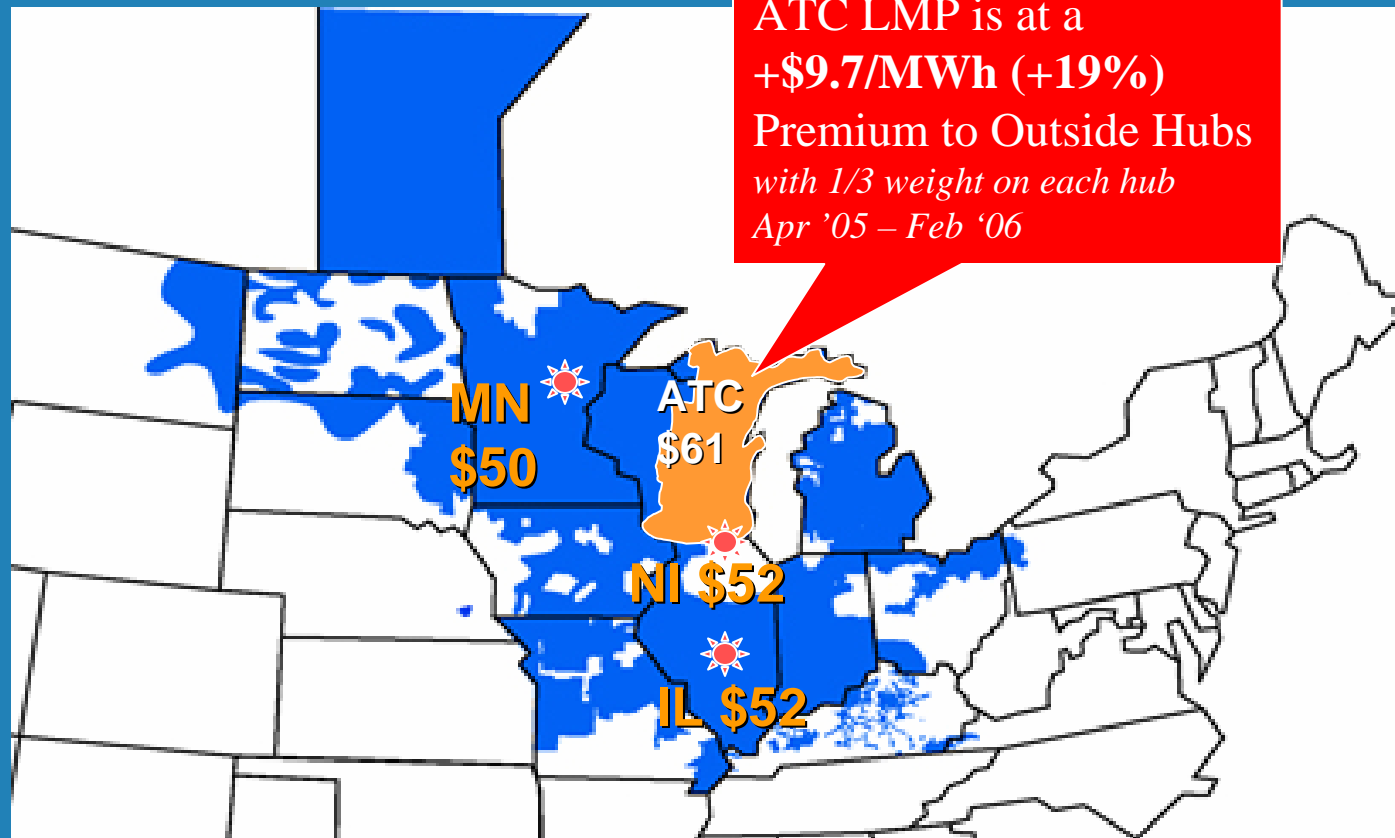


Access/Congestion Metric

- One of ATC's 2006 Goals is to "Define a metric to assess the value of access and congestion costs in ATC's transmission system" by 4/30/06.
- Metric we chose is LMP differentials, looking at both into-ATC values and within-ATC values
 - Will be used as an indicator to help identify and screen projects, set goals, and track and communicate progress.
 - Not intended to substitute for benefit-cost analysis of transmission projects.

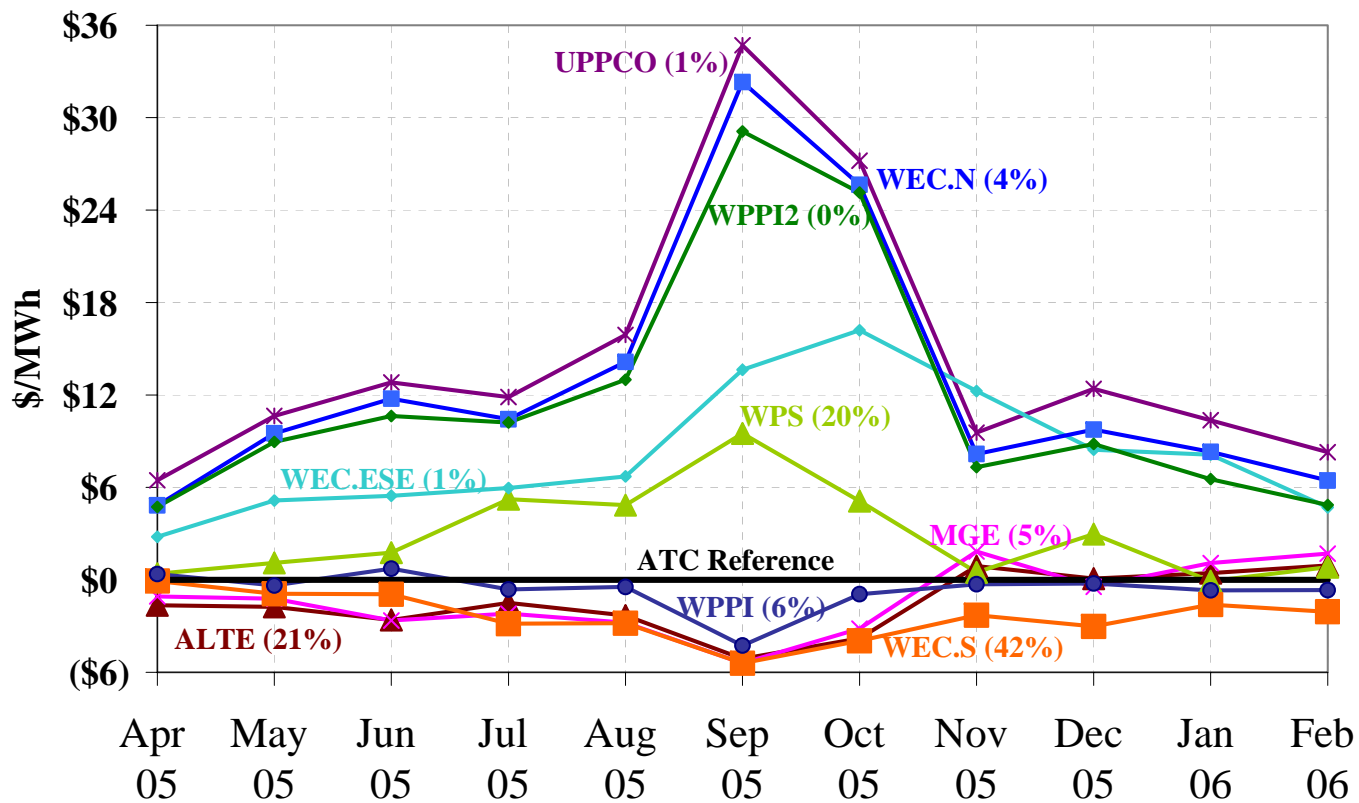


Into-ATC Metric: LMP Premium to Neighboring Hubs



Within ATC LMP Differentials

LMP Differentials among Zones within ATC (Day-Ahead)
(Load MWh shares in parentheses)



Access/Congestion Metric Next Steps

- Select analytical tools by June, 2006
- Develop benefit-cost analysis process by June, 2006
- Establish goals – target values for metrics – by 9/1/2006
- By 12/1/2006, propose changes to our construction plans to meet that target

Paddock-Rockdale Project

- Introduction
 - Access Docket
 - BOD decision to accelerate
 - Economic justification
 - Need analysis complete this summer
 - Filing CPCN in 2007 if appropriate

Strategic Analysis Approach

Strategic Flexibility

1. Construct scenarios
2. Develop analytical approach for project evaluation
3. Perform evaluation of project
4. Review results
5. Present recommendation to executives

Decision Drivers

- Demand and energy growth inside ATC
- Demand and energy growth outside ATC
- Availability of low-cost generation inside ATC
- Availability of low-cost generation outside ATC
- Percentage of energy supplied by renewables and where it will be produced
- Nearby high-voltage transmission projects
- Natural gas and coal prices and coal availability in Wisconsin
- Environmental regulations



Scenarios Identified

- Robust Economy
- Slow Growth
- High Environmental
- High Fuel Cost
- High Retirements
- High Growth Wisconsin

Stakeholder Management Process (Analytical)

- Met with our five largest customers and PSCW to receive feedback on analytical approach and scenarios
- Will be meeting with other stakeholders
- Will be meeting throughout the summer

Paddock-Rockdale Next Steps (2006)

- Complete need analysis
- Make go-no go recommendation to executives
- If go,
 - Develop legal case
 - Public outreach
 - Prepare to file CPCN