

November 17, 2004

WE ENERGIES COMMENTS ON ATC TRANSMISSION ACCESS INITIATIVE

We Energies offers the following comments to ATC on the focus and direction of the ATC-sponsored Transmission Access "Access" Initiative. These comments are consistent with oral comments provided by We Energies (Nesbitt and Schumacher) at Access meetings on September 1 and October 1, 2004.

First and foremost, we appreciate that ATC has taken on and is pursuing this important initiative. It is important that ATC continue to seek input on the course and direction of the Access studies from a broad cross-section of stakeholders, representing load serving entities, generators, regulators and customer advocacy groups alike. ATC has invested a significant amount of time and resources to develop a process for identifying and selecting Access alternatives. Stakeholders are also committed to the Access initiative, as witnessed by the well-attended Access meetings.

However, we believe it's important at this stage of the effort to re-iterate our concerns over the proposed design and use of the Decision Matrix in the selection of Access projects appropriate for implementation. We believe the Decision Matrix, as presently configured and projected for use (October 5 draft), does not adequately consider the importance of project costs and other key financial drivers in the selection of Access alternatives. For example, project costs account for only about 25% weighting in the Decision Matrix, and in fact, the Economic Comparisons Section of the matrix accounts for no more than 50% of the weighting. We recommend that economic factors (project cost and benefit) be given more weighting than presently proposed in the Decision Matrix.

Accordingly, we suggest the Decision Matrix be revised as reflected on the attached. The revised Decision Matrix should be used to screen projects and to provide relative comparisons across multiple Access alternatives. If the cost/benefit of several Access alternatives are comparable, we suggest using the qualitative factors as a tie breaker, rather than weighting these non-economic factors equally with financial criteria.

It's critical that utility infrastructure improvements in Wisconsin and the UP of Michigan provide the biggest "bang for the buck" for our customers, whether the improvements involve generation, transmission or distribution additions. Any Access driven transmission improvement project needs thorough cost/benefit analysis clearly showing the benefit of additional import capability, and an analysis of whether our customers should be asked to fund these projects.

Please share these comments with other Access stakeholders, and we look forward to discussing this approach on December 1, 2004.