Planning for the Future

Transmission – the tie that binds……

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American Transmission Company

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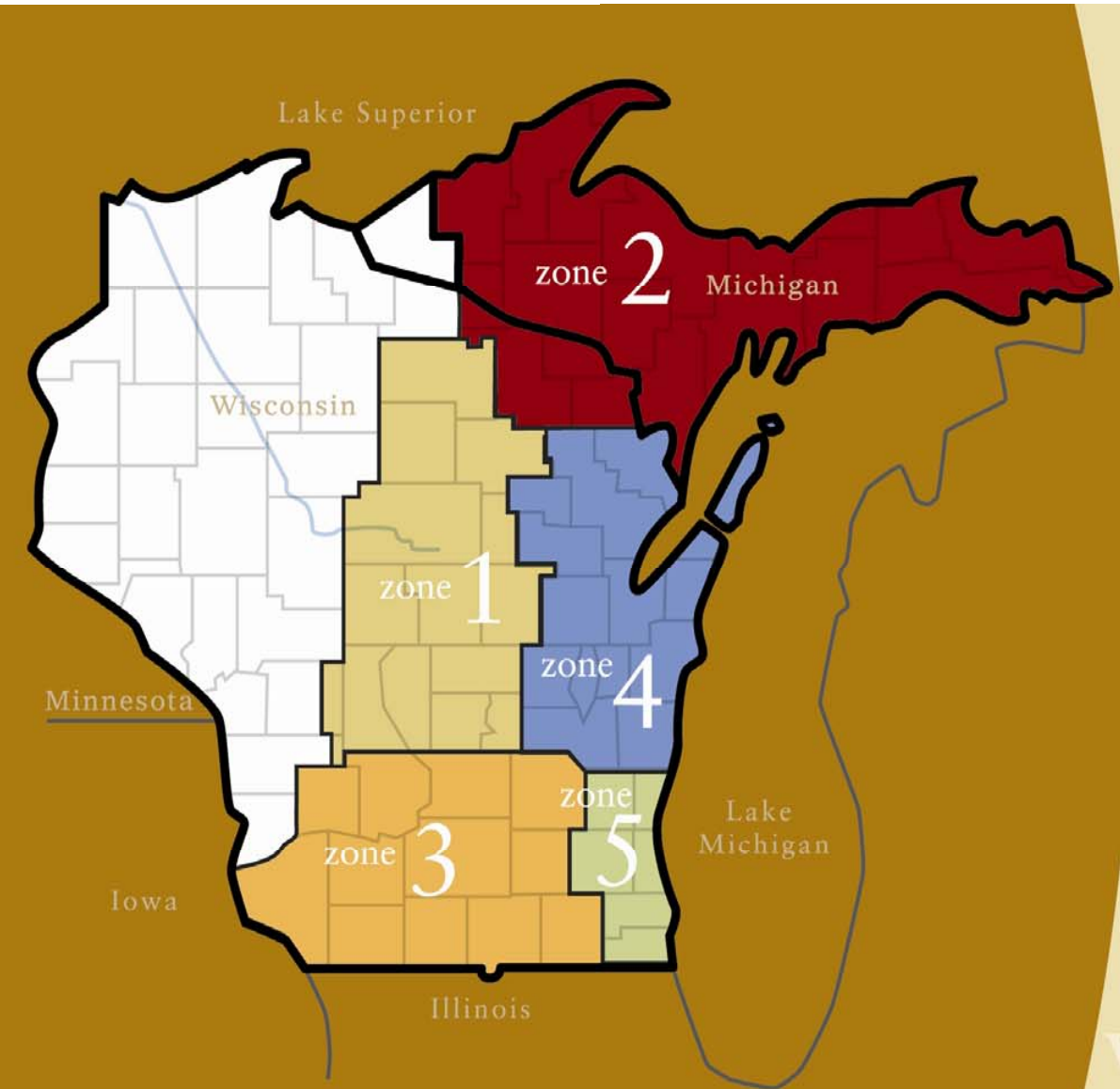
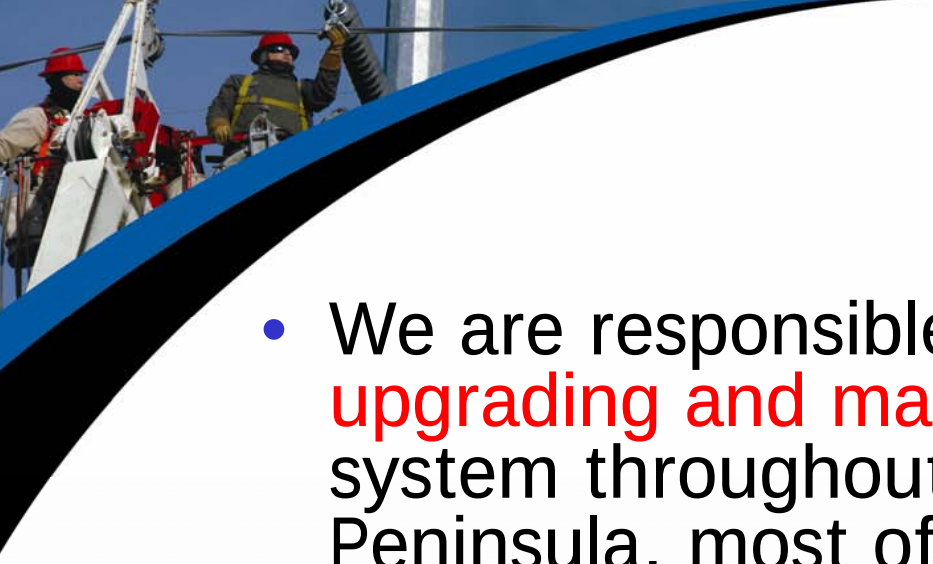
Who is ATC?



ATC at a glance

- Formed in 2001 as the first multi-state, **transmission-only utility**.
- Owner and operator of approximately **9,100 miles of transmission line** and **480 substations**.
- Meeting electric needs of approximately **five million people**.
- Transmission facilities in **66 counties** in Wisconsin, Michigan and Illinois.
- **$1.8 billion** in total assets.
- **Seven offices** in the communities of Cottage Grove, De Pere, Madison, Waukesha and Wausau, Wis.; Kingsford, Mich.; and Washington DC.

www.atcllc.com



Who is ATC?

- We are responsible for building, operating, upgrading and maintaining the transmission system throughout Michigan's Upper Peninsula, most of Wisconsin and parts of Illinois and Minnesota.

- We help ensure the reliability of the transmission system that delivers power to all customers that rely on the grid.

- We are the critical link between generating plants and the utilities that provide power to your homes and businesses

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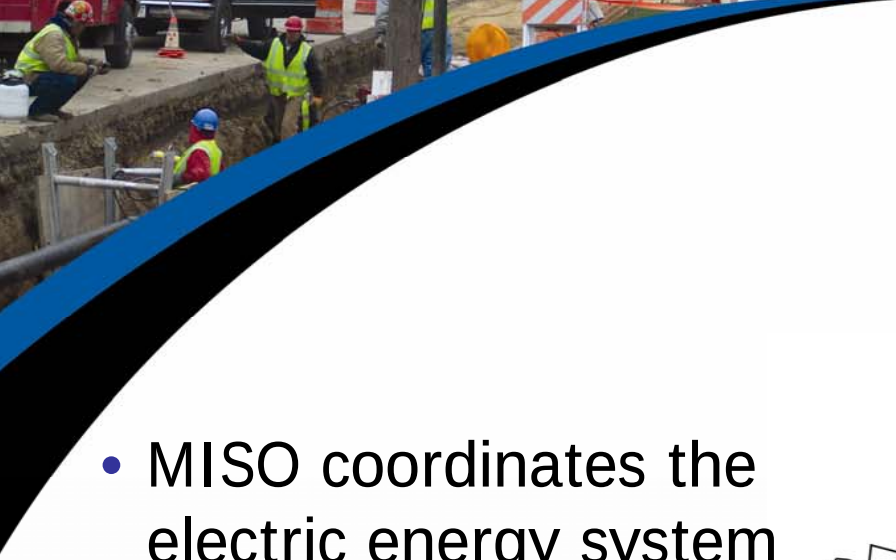
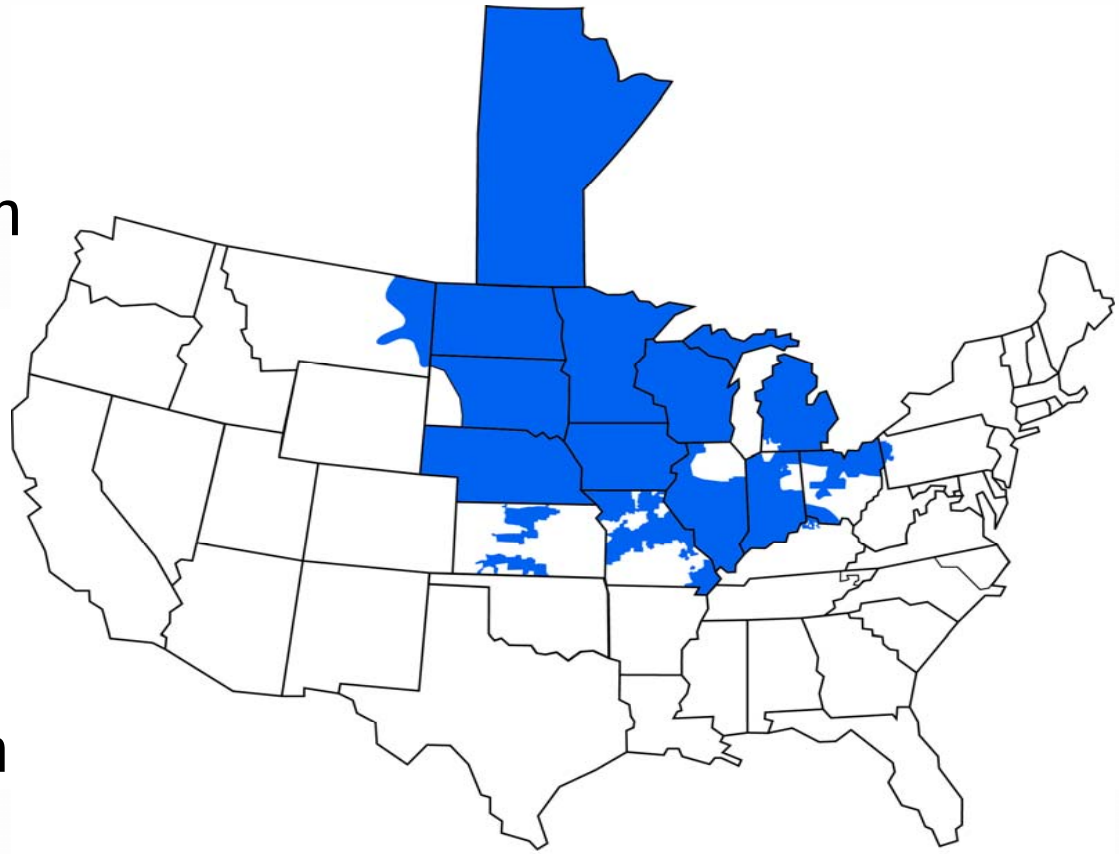


Who is MISO?

- MISO coordinates the electric energy system to ensure reliable operation and equal access to resources
- MISO maintains the energy market and dispatches generation



Midwest ISO Regional Reliability Area

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Making Sense of the $$$

- ATC's rates are set by the Federal Energy Regulatory Commission (FERC)
  - 12.2% Return on Equity
    - Equity of ~$530M in 2001
    - Equity of ~$1.8B in 2006

- ATC's 2007 revenue requirement is ~$386M, an increase of 21.3% over 2006
  - Billed according to "Load Ratio Share"
  - ~$28M comes from the U.P. (**7.25%**)

- ATC plans to invest ~$4.1 Billion between 2001-2016 in asset renewal and new construction
  - **~20% of this investment is directly tied to the U.P.**

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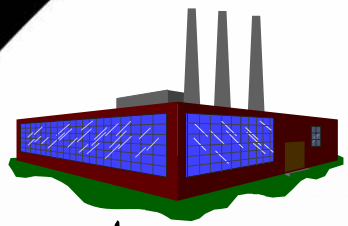
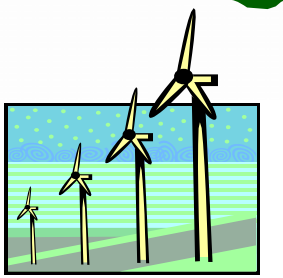
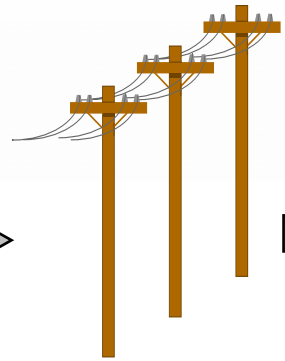
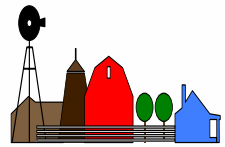
The Energy System









Multiple Sources of Generation

Interconnected Transmission System (Grid)

Distribution System

Customers

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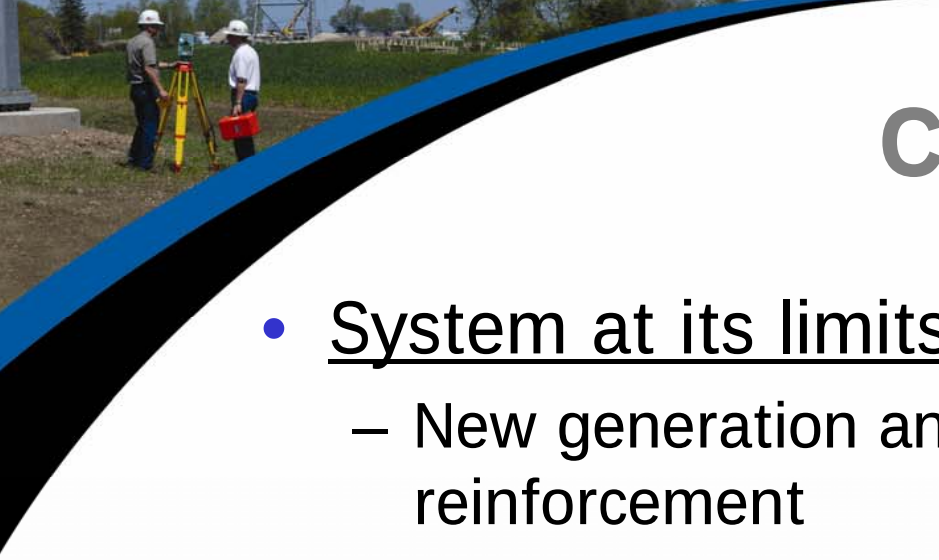

Current Assessment

- System at its limits
  - New generation and load growth requires reinforcement
  - Ensuring future reliability requires reinforcement
  - Minimal operating margin
  - Insufficient import/transfer capability
- Key drivers
  - Load growth and location of growth
  - New generating units
  - Access to markets
  - Economics

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ATC's Response

- $3.1 billion investment during next 10 years
- 160 projects to support load growth and reliability
- 195 projects to support new interconnections
- 30 new generator interconnection proposals
- 41 projects required to support existing transmission service requests
- 31 projects eliminate service limitations and address age and condition of infrastructure
- 1 project based solely on economic benefits

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Northern Umbrella Plan

- 9 projects that were developed to increase reliability and transfer capacity in to/out of the U.P.
  - Currently estimated at $559 million
  - $207 million completed as of January 2007
- Progress report:
  - 5 are complete and have been placed in-service
  - 4 are in various stages of design and construction
- Completion of the NUP is expected by July 2010
- Widely recognized as being the solution to the electrical challenges of Michigan's U.P.

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Northern Umbrella Plan

Completed:

- A: Plains – Stiles 138 kV rebuild
- B: Indian Lake – Hiawatha 69 kV to 138 kV rebuild
- C: Morgan – Stiles 138 kV rebuild
- D: Morgan – White Clay 138 kV up-rate
- F: New Werner West 345/138 kV substation

In-Progress:

- E: Second Transformer at Plains substation
- G: Cranberry – Conover – Plains
- H: Morgan – Werner West 345 kV Line
- I: Gardner Park – Central Wisconsin 345 kV Line

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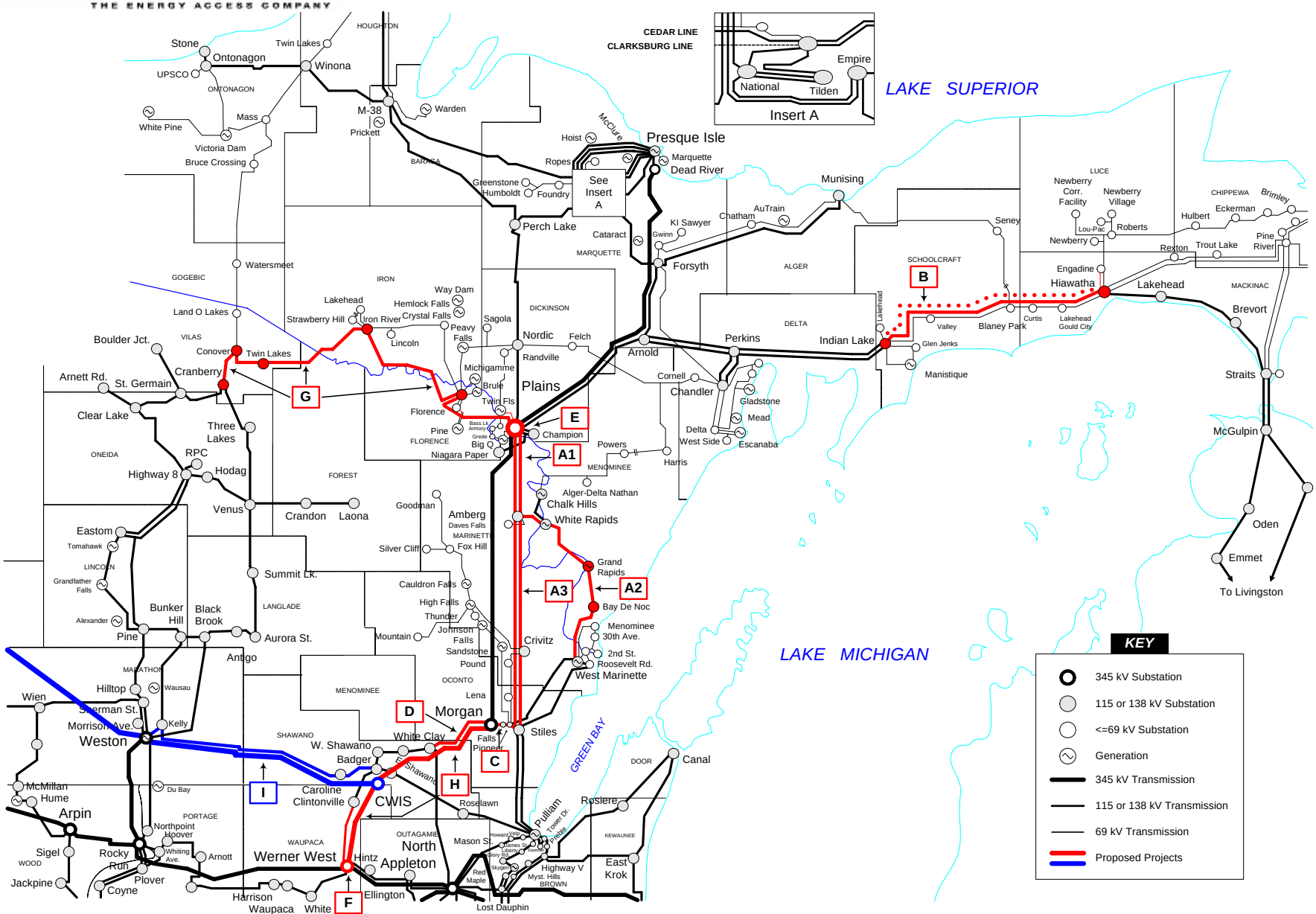
Northern Umbrella Plan



Northern Umbrella Plan

Project Name	Key Need Drivers	Projected In-Service Date	Projected Cost	Status
A: Plains – Stiles 138 kV Rebuild	Physical condition; transfer capability; solution also results in a more robust parallel path for 2/3 of P-S corridor		$94.3M	Complete
•A1: Plains – Amberg		October 2005	-	Complete
•A2: Amberg – West Marinette		November 2005	-	Complete
•A3: Amberg – Stiles		October 2006	-	Complete
B: Indian Lake – Hiawatha 69 kV to 138 kV Rebuild	TLR mitigation; voltage support; physical condition; local load-serving in Manistique area; required operating guide that splits the U.P. system			Complete
•Phase 1 – Rebuild Indian Lake – Glen Jenks		August 2004	$6.1M	Complete
•Phase 2 – Rebuild as double circuit 138 kV, operate at 69 kV		March 2006	$46.2M	Complete
•Phase 3 – Convert to 138 kV operation		N/A	N/A	Not part of the Northern Umbrella Plan
C: Morgan – Stiles 138 kV Rebuild as double circuit	Transfer capability	May 2006	$8.0M	Complete

Northern Umbrella Plan

Project Name	Key Need Drivers	Projected In-Service Date	Projected Cost	Status
D: Morgan – White Clay 138 kV uprate (eventual rebuild as part of Element H)	Transfer capability	March 2005	$0.4M	Project Complete.
E: Add 2nd Plains transformer (250 MVA 345/138 kV)	Transfer capability	4Q09	$6.5M	Transformer ordered, project scope, schedule and cost being defined and planned.
F: New Werner West Substation with 345/138 kV transformer	TLR mitigation, system security	December 2006	$14.2M	Project Complete.
G: Cranberry – Conover – Plains Project	Transfer capability; Transmission service; Reliability, physical condition	See below	$118.7M	
• Phase 1: New 115 kV Cranberry – Conover		June 2008	-	Design/procurement activities and ROW acquisition underway.
• Phase 2, 3 & 4: Rebuild 69 kV Conover – Plains to 138 kV		June 2010	-	Design/procurement activities started. Will design/construct from west to east.
H: New Morgan – Werner West 345 kV line & Clintonville – Werner West 138 kV line	Transfer capability, reliability, and network service.	2009	$132.3M	Engineering and ROW activities continuing on Werner West – Hwy 22 and Hwy 22 – White Clay. Construction has begun on White Clay – Morgan.
I: New Gardner Park – Central Wisconsin 345 kV line & Central Wisconsin 345 kV switching station	Required for new Weston 4 generation	2009	$131.5M	Engineering and ROW activities continuing on Gardner Park – Whitcomb. Construction has begun on Belle Plain Tap – Hwy 22.

Proposed Generation

- Requests for connecting new generators to ATC's system begin with the MISO.
- 28 requests are in the MISO Queue.
- 20 requests are for "renewable" sources.
- 2 requests are located in Michigan's Upper Peninsula.

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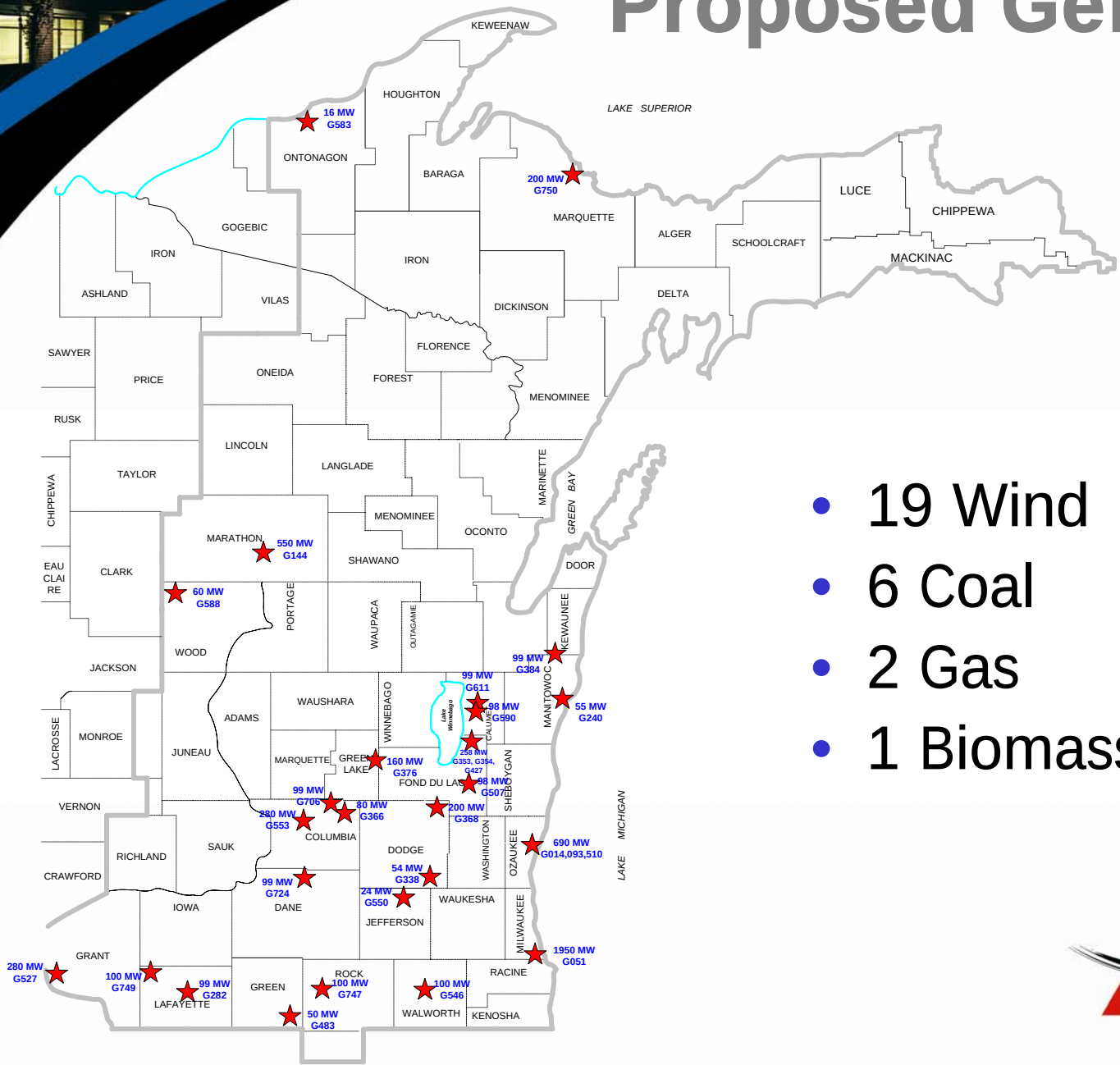
Proposed Generation



- 19 Wind
- 6 Coal
- 2 Gas
- 1 Biomass

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