



Policy Owner:	VP of Finance & Accounting
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LEGAL REVIEW, PROCUREMENT & EXPENDITURE AUTHORIZATION POLICY

PURPOSE

This policy:

- Establishes requirements for Legal and Information Security Officer review of proposed or actual activities
- Establishes requirements for methods of procurement of materials, goods, and/or services
- Defines when competitive bidding is required for the purchase of materials, goods, and/or services
- Defines the types of transactions and commitments and the expenditure authorization levels applicable to those transactions and commitments that Personnel, as defined below, are authorized to approve on behalf of American Transmission Company LLC and ATC Management Inc.

SCOPE

This policy applies to all ATC Personnel, as defined below.

This policy also applies to all arrangements, agreements, expenditures, or commitments of any kind 1) for the procurement of materials, goods, and/or services, 2) that create a legal or financial obligation on, or restrict the actions of, ATC, or 3) that impose a risk on ATC.

DEFINITIONS

ATC Confidential Information – Information should be classified as ATC Confidential Information when the unauthorized disclosure, alteration, or destruction of that information could expose the Company or its affiliates to a significant level of risk or negatively impact regulatory compliance, business development, or the Company's ability to continue ongoing operations. Examples of ATC Confidential Information include trade secrets and proprietary information, Critical Infrastructure Protection (CIP) Information, Critical Energy Infrastructure Information (CEII), non-public transmission function information governed by the FERC Standards of Conduct, business development information, market information relating to ATC's business practices and strategies, customers' confidential information, private employee personnel and medical records including Personal Identifiable Information (PII) and Protected Health Information (PHI), private financial information relative to the Company's operations, etc. By default, all information that is not considered public information should be treated as ATC Confidential Information. If you are unsure if information should be considered ATC Confidential Information, please check with your supervisor before disclosing the information to anyone outside of the Company. For the purposes of this policy, ATC Confidential Information does not include information regarding the workplace and work environment generally, as well as information regarding wages, compensation, or other terms and conditions of employment with ATC. Employees may disclose information about themselves, such as information related to their job performance or their job duties.

Contingent Worker – See [Worker Classification Policy](#)

Personnel – Both ATC employees and certain, approved Contingent Workers. ATC employees are the only Personnel authorized to approve requisitions and invoices and to enter receipts in the ATC system. Contingent Workers are authorized to initiate requisitions and change orders and physically receive goods, but are not authorized to approve requisitions / invoices or enter receipts in the ATC system.

Low Risk – Goods and/or services that have little to no impact on ATC’s bulk electric system, will not be performed in substations or within the right-of-way of energized facilities, or do not involve the handling of hazardous materials.

Total Cost – The total cost over the entire term of the contract (not limited to the cost of the contract during a particular period of time). For example, a contract having a three-year term that has an annual cost of \$40,000 has a Total Cost of \$120,000 (\$40,000/year multiplied by 3 years).

RESPONSIBILITIES

Legal Review Requirements

Legal review is required for all of the following:

- All expenditures/commitments where Total Cost or exposure to risk is greater than \$5,000,000
- All expenditures where the supplier does not agree to ATC’s standard terms and conditions, except in the cases of low risk and Total Cost less than or equal to \$25,000
- Any arrangements, agreements, expenditures, or commitments of any kind, regardless of the Total Cost, that involve an owner or affiliate of ATC and that are outside of the scope of a Public Service Commission of Wisconsin-approved master agreement (i.e., Project Services Agreement, Common Facilities Agreement, Operations & Maintenance Agreement)
- Any arrangements, agreements, expenditures, or commitments of any kind, regardless of the Total Cost, that involve the storage, transmission, or use of ATC Confidential Information on non-ATC systems or with non-employees for which ATC’s standard contract terms and conditions are not used
- Any acquisition or disposition, whether direct or indirect, and without regard to the means used to effect the acquisition or disposition of facilities that may or will be subject to the jurisdiction of the Federal Energy Regulatory Commission per Federal Power Act (FPA) [section 203](#) (see [ATC Asset Acquisition & Disposition Procedure](#))
- Any arrangements, agreements, expenditures, or commitments that provide for ATC to receive compensation (whether direct, indirect, and/or specifically via “netting” of payments) and/or to provide services to a third-party that may require prior authorization per FPA [section 205](#)

ATC employees are responsible for:

- Collaborating with Supply Chain, Legal, and the Information Security Officer to determine expenditures/commitments where Total Cost or exposure to risk is greater than \$5,000,000
- Notifying Legal of matters that require Legal review as outlined above
- Performing one of the following upon receipt of Legal’s recommendations/advice:
 - Incorporate such recommendations into the purchase order (PO), agreement, or other document as Legal has advised

- If the ATC employee is unable to get the supplier or other party to agree to what Legal has advised or otherwise does not want to follow what Legal has advised, then the ATC employee must disclose Legal’s recommendations/advice with the individual authorized to approve the arrangement, agreement, expenditure, or commitment pursuant to the Authorization Approval Matrix, prior to that individual giving his or her final approval

Legal is responsible for:

- Assisting with determination of level of risk upon request from the ATC employee(s)
- Participating in negotiations, drafting and reviewing contracts and related documents, or being part of a project team that is tasked with making decisions
- Addressing other legal issues that may arise

Supply Chain is responsible for:

- Assisting with determination of level of risk upon request from the ATC employee(s)
- Participating in negotiations, reviewing contracts and related documents, or being part of a project team that is tasked with making decisions
- Addressing other procurement issues that may arise

Information Security Officer is responsible for:

- Assisting Supply Chain and Legal in drafting information security-related language in contracts and/or agreements
- Assisting in the determination of information and cyber security-related risk
- Addressing other information security issues that may arise

Competitive Bidding

Competitive bidding provides value by allowing ATC to understand the most current market conditions and providing incentives to suppliers to maintain the highest level of competitiveness and quality. Therefore, competitive bidding administered by Supply Chain is required when the Total Cost of the expenditure or commitment is equal to or greater than the Total Cost set forth in the table below, unless one of the exceptions noted below applies.

Contract Type	Total Cost
Direct Construction Services for capital projects (does not include construction support services)	\$250,000
Design Engineering Services	\$250,000
All other Materials, Goods, and/or Services	\$100,000

Exceptions to the competitive bidding requirement include:

1. A previously negotiated and current strategic alliance agreement is in place with a supplier for the given materials, goods, and/or services
2. Materials are being procured as a continuation of a previous order that had originally been procured in accordance with this policy
3. An emergency situation occurs that does not permit bids to be obtained, evaluated, and awarded in a timely manner (The form may be submitted as soon as practical.)
4. The selected supplier is the only supplier with the capability to provide the required goods or services as described on the purchase requisition
5. Other reasons exist that are approved in advance by an Executive Vice President, CEO, or the Board of Directors

ATC employees are responsible for:

- Completing the [Competitive Bidding Waiver Form](#) (prior to the procurement of goods and services) in a situation where a condition meets one of the exception criteria illustrated in items 2 through 5 above as well as if a competitively bid expenditure was not awarded to the lowest evaluated bid by a fully-qualified bidder

Supply Chain is responsible for:

- Maintaining strategic alliance agreements authorized by an Executive Vice President, CEO, or the Board of Directors
- Approving exception criteria 2 outlined above (Manager of Supply Chain only)
- Reviewing and accepting Competitive Bidding Waiver Forms

Requisitioning

All expenditures and commitments, unless they are specifically excluded below, or an emergency situation, require a requisition prior to the procurement of the goods and/or services. The requisition should be approved according to the Authorization Approval Matrix (see below).

Exceptions to the requisitioning process include¹:

- Low risk and total dollar less than or equal to \$10,000
- Local Distribution Company (LDC) & Muni / Co-op O&M & Project Services / Common Facilities Agreements
- Minor materials for which the Total Cost does not exceed \$30,000 that are obtained from on-site storage containers administered under the Vendor Managed Inventory (VMI) Program with Border States Electric
- Finance Payments limited to: Tax, Debt & Interest, Corporate Credit Card, Insurance, MISO Tariff Payments, and Bank Fees
- HR Payments limited to: Payroll, Medical & Other Benefits, Tuition, Recruiting, and Relocation
- Training and Continuing Education (except for onsite training resources)
- Real Estate, Environmental & Facilities Payments limited to: Right of Way, Land Purchases, Leases, Permits and Licenses, Utility Bills, and Phone Bills
- Legal Bills / Settlements
- Local, State, or National Government Agency Billings
- Donations, Corporate Contributions, Sponsorships, Memberships, Subscriptions, and Lobbying
- Freight
- Other discretionary payments approved by the VP of Finance and Accounting outside the categories listed above

ATC employees are responsible for:

- Creating and obtaining requisition approval prior to the procurement of materials, goods, and/or services
- Ensuring requisitions include all applicable documentation to support the request
 - Documentation may include, but is not limited to, a detailed Scope of Services, a list of the applicable specifications, and, if an exception to the competitive bidding requirements described above applies, a copy of the completed and signed [Competitive Bidding Waiver Form](#)
- Delegating authority for requisition approval to an alternate approver, as needed, with an authority level at or above the delegator's authority level as set forth in the Authorization Approval Matrix

¹ Legal Review may be required for expenditures and commitments that do not require a requisition.

Supply Chain is responsible for:

- Ensuring that requisitions are appropriately approved prior to issuing a purchase order or agreement

Invoice Approval and Processing

Invoice approval levels are determined according to the Authorization Approval Matrix illustrated below.

Exceptions to the invoice approval levels are as follows:

1. Invoice approval is not required on three-way-matched invoices in which a receipt is entered into Oracle and matched against a purchase order
2. Invoices processed against a purchase order may be approved by any ATC employee (with the exception of Accounts Payable and Supply Chain employees) regardless of his or her authorization level, if appropriate authorization was obtained at time of requisition

ATC employees are responsible for:

- Approving invoices within five (5) working days from ATC's receipt of the invoice², attesting to the following:
 - The expenditure has been properly authorized in accordance with this policy
 - All goods and services covered by the invoice have been received by ATC and meet all requirements of the related purchase order or agreement, if applicable
 - The account coding for the invoice is correct
 - The invoice has been reviewed by the ATC employee for any discrepancies in terms or pricing, and any discrepancies found have been investigated with the appropriate internal business group
- Receiving materials and/or goods in Oracle within five (5) working days from delivery²
- Delegating authority for invoice approval to an alternate approver, as needed, with an authority level at or above the delegator's authority level as set forth in the Authorization Approval Matrix

Contingent Workers are responsible for:

- Physically receiving materials
- Providing packing slips to ATC employees

Accounts Payable is responsible for:

- Ensuring that invoices have been approved through the purchase order process or otherwise approved at the appropriate expenditure authorization levels prior to paying invoices

Payment Methods

Payment methods for expenditures include:

- Corporate Credit Card
- Check
- Wire

² Earlier approval or receipting may be required in the event of a discount or a month-end closing deadline.

ATC employees are responsible for:

- Determining which payment method should be used for expenditures in a timely manner
- Processing payments via corporate credit card in accordance with the [Travel and Expense Policy](#)
- Submitting a [Check Request Form](#) or [Wire Transfer Request Form](#), as appropriate, inclusive of supporting documentation
 - A Check Request Form should only be utilized as a last resort if an invoice is not available
- Providing supplier with appropriate mailing information for non-PO invoices
 - Email (preferred): Accounts_PayableDL@atcllc.com
 - Mail: ATC Accounts Payable, P.O. Box 408, Waukesha, WI 53187
- Forwarding any invoices directly received to Accounts_PayableDL@atcllc.com in a timely manner

Accounts Payable is responsible for:

- Processing payments via check

Treasury is responsible for:

- Processing payments via wire

Real Estate is responsible for:

- Processing payments via Real Estate Right of Way (REROW) check in accordance with the [Real Estate Checkbook Procedure](#)

Change Orders

Change Orders are required when the:

- Total Cost of the PO increases
- Material, goods and/or services quantity or price changes
- Delivery date or location changes
- Scope or services changes

Change orders to existing purchase orders or agreements must be approved according to the Authorization Approval Matrix for the sum of the Total Cost of the purchase order or agreement plus the Total Cost of the change order before any services can be performed or shipments of goods can be made.

Personnel are responsible for:

- Initiating change orders in a timely manner

Supply Chain is responsible for:

- Processing change order requests in a timely manner

AUTHORIZATION APPROVAL MATRIX

	<i>Individual Contributor</i>	<i>Project Manager *</i>	<i>Team Leader</i>	<i>Manager</i>	<i>Director</i>	<i>Vice President</i>	<i>Executive Vice President</i>	<i>CEO</i>	<i>Board of Directors</i>
Corporate Credit Card									
\$2,500 limit per Transaction not to exceed \$10,000/month (Exception to limits may vary by individual)	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	
Expenditures Charged to O&M or Non-Construction Projects									
Requisitions / Invoices / Contracts	\$10,000	\$10,000	\$50,000	\$100,000	\$250,000	\$500,000	\$5,000,000	< \$25,000,000	≥ \$25,000,000
Expenditures Charged to Construction Projects **									
Requisitions / Invoices / Contracts	\$10,000	\$200,000	\$500,000	\$500,000	\$1,000,000	\$1,000,000	\$5,000,000	< \$25,000,000	≥ \$25,000,000
O&M Expenses / Proj. Service Agreements / Common Facilities for LDC's	A summarized bill is prepared by Accounting. The ATC personnel with designated approval from their manager/director are responsible for approving the aggregate amounts. The standard approval limits do not apply to these charges because the approved amount is an aggregate of multiple work order charges and is prepared on a monthly basis.								
Real Estate (REROW)									
Right of Way / Land Purchases	\$25,000		\$50,000	\$500,000	\$750,000	\$1,000,000	\$5,000,000	< \$25,000,000	≥ \$25,000,000
Finance									
Tax Payments	\$10,000			\$100,000		\$1,000,000	\$5,000,000		
Corporate Credit Card Payments	\$10,000			\$100,000		\$600,000	\$5,000,000		
Human Resources									
Payroll Funding (Manager of Total Rewards OR Payroll Specialist ONLY)	\$2,500,000			\$2,500,000					
Medical and other Benefit Payments (Manager of Total Rewards OR Benefits Specialist ONLY)	\$400,000			\$400,000					
Customer Relations									
Asset Transfers ***					\$750,000	\$1,000,000	\$5,000,000	< \$25,000,000	≥ \$25,000,000

* Project Manager may include an employee with the title of Project Manager or Design Engineer functioning as a project manager within the Construction and Asset Management departments.

** Subject Matter Experts in functional departments may approve invoices charged to construction projects in accordance with their respective approval levels for O&M projects (e.g., Regulatory, Legal, etc.).

*** The Asset Transfers process involves working with a counterparty to acquire and/or sell a distribution, generation, and/or transmission asset.

REPORTING

It is the responsibility of all ATC employees to report any suspected violations of this policy in accordance with ATC's [Open Door Policy](#).

EXCEPTIONS/VIOLATIONS

Exceptions to this policy require the approval of the Policy Owner listed above.

Employees who violate this policy are subject to disciplinary action, up to and including termination. Violations of this policy by a non-employee may result in termination for cause of the non-employee's contract to perform services for ATC.