



2020 REPORT TO THE COMMUNITY

# CONNECTING YOU WITH A SUSTAINABLE ENERGY FUTURE



THE VITAL CONNECTION TO A SUSTAINABLE ENERGY FUTURE.

At American Transmission Co., we know the transmission system is the vital connection between renewable energy producers and electric consumers. As our service area continues to integrate more renewable resources – like wind and solar – we are working hard to ensure consumers receive that energy in a timely and reliable manner.



POWERING OUR COMMUNITIES

American Transmission Co. owns and operates 10,081 miles of electric transmission lines and 582 substations in portions of Wisconsin, Michigan, Minnesota and Illinois.

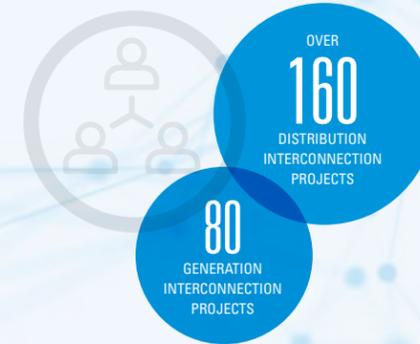
Our transmission network enables the movement of electricity produced from all forms of generation resources to areas where it is needed.

AWARDS & RECOGNITIONS

- Great Place to Work® Certified
- 2020 Great Place to Work® Best Workplaces in Manufacturing & Production
- 2020 *Milwaukee Journal Sentinel* Top Workplaces
- Michigan Clean Corporate Citizen
- Tree Line USA Utility
- Wildlife Habitat Council Native Landscape
- Wisconsin Green Masters Program

# CONNECTING YOU WITH A SUSTAINABLE ENERGY FUTURE

**GROWTH**  
in assets



**COLLABORATION**  
with our utility customers

**SAFETY**

We kept our employees and partners safe during this extraordinary time while maintaining the safety and reliability of the electric transmission system.



Since 2001, American Transmission Co. has served as the vital connection between energy producers and electric customers. As the first multistate, transmission-only utility in the nation, we have improved electric system reliability for the more than 5 million electric consumers in our service area and grown our asset base from \$550 million to more than \$5.4 billion. As the rapid pace of change in our industry continues, we are committed to reliably and safely connecting electric consumers in our service area with a sustainable energy future.

As utilities continue to retire more traditional generation resources within our service area and develop more renewable generation, there is a growing need for ATC to connect those resources to the transmission grid. In 2020, we introduced employees to our new vision statement that reflects ATC's path forward: Connecting you with a sustainable energy future. That future is not far away.

This past year, we collaborated with our utility customers on more than 160 distribution interconnection projects and 80 generation interconnection projects.

As the energy mix evolves, we continue to engage with our customers to meet their needs. Over the past several years, our customer satisfaction survey scores have remained high. We value our generation, distribution and transmission interconnected customers who annually provide us with feedback on their experience and help us improve our service to them.

Connecting to a sustainable energy future requires a team effort. At ATC, our employees are one team with a shared commitment to operating and maintaining the system reliably and safely. In 2020, we were again recognized as a Top Workplace by the *Milwaukee Journal Sentinel* and a Best Workplace in Manufacturing & Production by Great Place to Work®.

We also continue to operate the system well. In 2020, we achieved the lowest fair-weather and bulk power outages in our company's history. Our low number of bulk power outages (200,000-volt lines and above) remains among the best in the industry.

We continue to focus on cost discipline, while also providing good value to our customers. With our 2021 revenue requirement filing, we will have reduced our budgeted O&M on average by 2% annually for four years.

In a year of unprecedented challenges, including a global pandemic and social justice protests, our employees rose to the occasion. We kept our employees and partners safe during this extraordinary time while maintaining the safety and reliability of the electric transmission system. We refocused our charitable giving efforts to provide greater support for the significant needs caused by the pandemic in the communities we serve and earmarked 20% of our corporate donations budget for COVID-related causes.

The protests and unrest in 2020 again reminded us of the imbalance of justice, equality and equity in our community and nation. At ATC, there is no place for any form of racism, intolerance or discrimination. I'm proud of our continual support for local organizations who work tirelessly to build a more just and equitable society.

In a year like no other, I am proud of what we've accomplished. I am excited for what's ahead for ATC and the utility industry. We will continue to look for ways to improve how we operate and maintain the electric transmission system while connecting you with a sustainable energy future.

**Mike Rowe**  
Chairman, President and Chief Executive Officer

## 20% CHARITABLE GIVING



We refocused our charitable giving efforts to provide greater support for the significant needs caused by the pandemic in the communities we serve and earmarked 20% of our corporate donations budget for COVID-related causes.

# POWER DELIVERY

POWERING A CLEANER ENERGY FUTURE

The pace of change in our industry is accelerating, and the transition to sustainable energy is occurring rapidly. States and utilities have set ambitious renewable energy and carbon reduction goals.

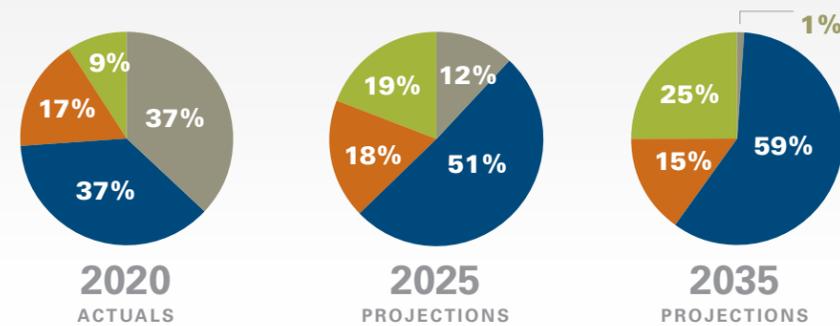
## Changing generation mix

Since 2018, more than 2,200 megawatts of fossil-fueled generation has been retired within our service area – enough to power 1.4 million households. In 2020 and early 2021, utilities within our footprint announced plans

to retire an additional 2,600 megawatts – enough to power 1.7 million households.

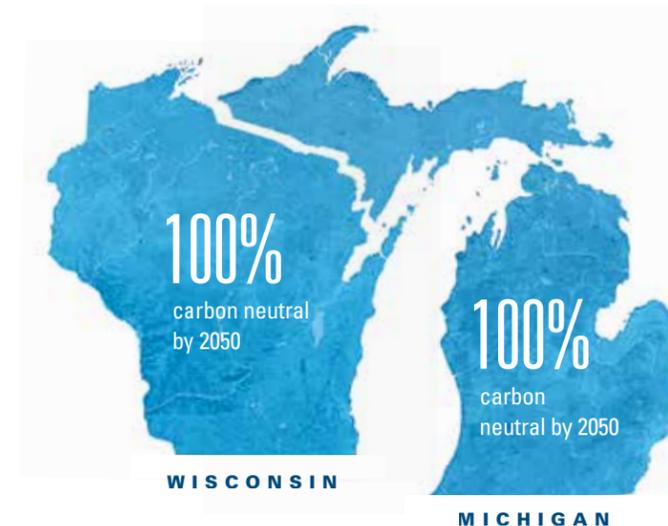
In its place is a growing portfolio of renewable generation and the need to connect those resources to the grid to help reduce carbon emissions across the entire economy.

### ATC SERVICE AREA – PROJECTED ENERGY RESOURCES\*



\* Source: MISO Midwest Transmission Expansion Plan 2021 Future 2

## STATE GOALS



## A FEW OF OUR CUSTOMERS' GOALS

**WEC Energy Group**  
Net-zero CO<sub>2</sub> emissions from electricity it generates by 2050

**Alliant Energy**  
Net-zero CO<sub>2</sub> emissions from electricity it generates by 2050

**MGE Energy**  
Net-zero CO<sub>2</sub> emissions from electricity it generates by 2050

**WPPI Energy**  
Resources in place for a nearly 40% reduction, from 2005 levels, in CO<sub>2</sub> emissions by 2025

**Upper Peninsula Power Co.**  
More than 50% of energy used by customers from renewable sources by 2025

MEETING OUR CUSTOMERS' NEEDS

**7,200 MW**

of wind and solar in ATC's interconnection queue\*

**274 MW**

of storage in ATC's interconnection queue\*

**1,600 MW**

of solar and wind in Generator Interconnection Agreement negotiations or under construction\*

**115% increase**

of distributed energy resource projects in 2020 compared to 2018 and 2019 combined

\*As of February 2021

**Expanding infrastructure for more renewable energy**

In 2011, the Midcontinent Independent System Operator developed a portfolio of 17 Multi-Value Projects that will enable 52.8 million megawatt hours of renewable energy and help reduce carbon emissions by 13 to 21 million tons annually. ATC is proud to be part of this expansion of infrastructure for more renewable energy by permitting, constructing and operating three of the MVPs (two currently in service and Cardinal-Hickory Creek, which is scheduled to be in service in 2023).



**Aligning with renewable energy initiatives**

Requests to interconnect new generation sources to ATC's system are at an all-time high and increasing. Distributed energy resource projects (small to mid-sized renewable energy installations that produce up to 16 megawatts and are connected to the distribution system) have increased over the past several years, hitting a record high in 2020. Generation developers and local utilities are driving this increase as they work to meet renewable energy policy goals. As the energy mix evolves, we continue to engage with our customers to meet their needs.

**Supporting the Democratic National Convention**

We immediately got to work after Milwaukee learned it would host the 2020 Democratic National Convention. ATC had an important role in helping to make the event a success



ATC played an important role in helping to make the Democratic National Convention a success

and worked with We Energies to plan for the event's unique electric and security needs. Beginning in 2019, a cross-functional team at ATC coordinated with city of Milwaukee officials, the U.S. Secret Service, Department of Homeland Security and Wisconsin National Guard to help ensure the DNC would have safe and reliable transmission service. The team worked to identify and mitigate potential risks for events or outages that could interrupt electric service to the Milwaukee area, completing more than 2,600 maintenance tasks, advancing the schedules of 10 different capital projects, and monitoring IT projects for potential impacts to operations during the event. While the convention ultimately shifted to a virtual event, we achieved our core objective to provide safe and reliable electric transmission service.

**Advancing work in the Straits of Mackinac**

We continue to make progress on reinforcing the electrical connection between the Upper Peninsula and lower Michigan. In 2018, three of our six submarine transmission cables on the lakebed in the Straits of Mackinac were destroyed by an anchor strike. The three undamaged cables were reconfigured to form a single circuit allowing ATC to restore an electrical connection between the U.P. and lower Michigan, yet two circuits are needed to maintain electric reliability and operational flexibility. ATC will remove all six underwater cables and re-establish two new 138,000-volt circuits in the Straits, approximately four miles in length. In 2020, we removed the unburied portions of two of the mineral oil-filled cables and in 2021, we will replace them with cables containing solid dielectric insulation, reinforcing electric reliability to the region.

In 2018, three transmission cables were damaged by an anchor strike.

In 2020, we removed the unburied portions of two submarine cables.

In 2021, we will replace all cables with two new 138,000-volt circuits.

**THE STRAITS**



Juneautown Project



**Harnessing emerging technologies**

We continue to seek ways to use emerging technologies to enhance service to our customers. Our Waupaca Area Storage Project reached a milestone in 2020 when FERC approved MISO’s proposed Storage as Transmission Only Asset tariff revisions. These tariff revisions will enable storage as

transmission assets to be recognized as a transmission asset, providing another tool that ATC can use to reliably and cost-effectively serve customers. We continue working with MISO and other stakeholders to enable battery storage to also provide market services, and use the revenues to reduce costs to ATC customers.

**Furthering a clean energy future**

We continue to make progress on the remaining link in a region-wide electric network of 345,000-volt projects identified by MISO to improve electric reliability and provide \$12.1-\$52.6 billion in net economic benefits. In 2020, the Iowa Utilities Board and the Rural Utilities Service respectively granted state and federal approval for the Cardinal-Hickory Creek Transmission Line Project, which was previously approved by the Public Service Commission of Wisconsin in 2019. The U.S. Fish & Wildlife and U.S. Army Corps of Engineers authorized the Mississippi River crossing. This project is the last of 17 MVPs that will enable the interconnection of 52.8 million megawatt hours of renewable energy, meeting the electric needs of approximately 5 million homes. The line will connect Dubuque County, Iowa, to Dane County, Wis. The approximately \$492 million cost of this project will be shared throughout the MISO multi-state region. Construction is scheduled to begin in 2021.

facility within ATC’s footprint. The facilities are jointly owned by Madison Gas & Electric and Wisconsin Public Service. ATC upgraded the Kewaunee Substation and added new controls and relaying to connect the generator to the transmission system.

**Strengthening electric reliability**

We Energies built a new substation in downtown Milwaukee to enhance the reliability of the downtown electric network east of the Milwaukee River and reduce reliance on distribution lines. ATC constructed a 1.1 mile underground 138,000-volt transmission line to connect the new substation to the existing transmission network, including a portion under the Milwaukee River. These combined infrastructure improvements will minimize the potential of longer duration outages and provide capacity for future growth in the area. Construction began in July 2019 and was completed in December 2020 at a cost just over \$29 million.

In November 2020, ATC completed a \$1.3 million project to connect 150 megawatts of solar energy to our transmission system. Two Creeks Solar in Manitowoc County is the first utility-scale, renewable generation



**Two Creeks Solar became the first utility-scale, renewable generation facility within ATC’s footprint.**





**Our Innovation Substation has generated nearly 300 employee ideas with more than 20% implemented to date.**

**Advancing innovation**

ATC has long been a place for innovators to thrive. To further encourage our culture of innovation, we created the Innovation Substation, an online tool that gathers and tracks employee ideas that deliver business value and helps recognize employees for those ideas. Since its inception in late 2018, the Innovation Substation has generated nearly 300 ideas with more than 20% implemented to date.

One of the most recent Innovation Substation ideas has enabled project teams to continue conducting project walk downs throughout the pandemic. The use of 360-degree virtual reality photography enables ATC engineers and designers to see the actual conditions in the right-of-way or substation without visiting the location. Instead of having an entire project team spend several hours visiting a project site, one to two people can gather the information needed for a cross-functional group to collaborate on projects virtually.

The Blount to East Campus Underground Circuit Repair Project team identified a unique solution when faced with replacing nearly two miles of underground, mineral oil-filled



Rather than installing a shoring box, ATC froze the ground around an excavation area to improve safety and limit contamination.

transmission cable in an area of Madison, Wis., with a high water table along with existing soil and groundwater contamination. They contracted with SoilFreeze Inc., a construction company specializing in ground freezing services for the construction and environmental industries, to freeze the ground

around the perimeter of the excavation area. This solution, which had never been implemented at ATC, improved safety, reduced soil excavation volume by half, and avoided significant disposal costs for what would have been more than 935,000 gallons of ground water.

**Ensuring system protection**

Sometimes energy pathways on the transmission system are interrupted – usually due to lightning or contact with vegetation – causing a fault. More than 10,000 protective relays continuously monitor our system and are designed to trip a circuit breaker when a fault is detected. Relays can also misoperate, tripping when not needed or failing to trip when intended to. ATC has developed programs, processes and tools to reduce failures that can lead to misoperations, and in 2020 achieved the best system protection performance in our history.

**Using data to improve customer experience**

We care about our customers and their experience working with us. In 2020, we rolled out Transmission Reliability Metric reports with the goal of improving the quality of information we provide to our utility customers. The customizable TRM summaries assess the reliability performance of the transmission system and the impact that outages have on interconnected distribution customers. TRM reports are shared with our utility customers regularly and integrated into quarterly planning and operations meetings.



**PROTECTING THE TRANSMISSION SYSTEM DURING THE PANDEMIC**

**As a provider of an essential service, ATC is obligated to prioritize the safety and reliability of the electric transmission system. Our control room operators and other essential operations support staff must access our system operations centers and other facilities to operate the transmission system. To ensure we keep the lights on and help keep employees safe, we:**

- Transitioned 90% of our employees to virtual work - a decision made within two business days, making sure employees had the technology, resources and information they needed to successfully work from home
- Redesigned the system operations training program, using interactive virtual sessions and low number in-person training, to keep essential employees updated with important information and training
- Restricted access and implemented precautions such as physical distancing and anti-viral applications for our essential employees who continued to work in our facilities
- Provided employees and contractors in the field with detailed safety practice expectations, including symptom monitoring, contact tracing, physical distancing, sanitizing hands and equipment, and wearing personal protective equipment
- Made preparations for essential employees to quarantine at our facilities if necessary, including sleeping areas, food provisions and other supplies to support living at work
- Collaborated with industry organizations and other utilities to share ideas and develop solutions for potential and common issues
- Prepared contingency plans, identifying people who could perform limited functions to maintain system reliability should the virus ever spread to a point where we did not have enough system control operators available



**Using 360 virtual reality photography has allowed ATC engineers to remotely monitor the conditions present within right-of-ways**



# ENVIRONMENTAL

CARING FOR THE ENVIRONMENT

We care about the environment we all share. We strive to reduce the impact that building, operating and maintaining our facilities can have on the environment and pursue opportunities to support sustainable, healthy ecosystems.

American Transmission Co. is committed to environmental leadership in all aspects of our business to support our mission, perfect our business and lead the transition to a sustainable energy future. ATC demonstrates this commitment through:

**Compliance and impact reduction** – Leading by using new and innovative approaches in complying with regulatory requirements, reducing environmental impacts, controlling costs and serving our customers.

**Engagement** – Providing employees and contractors with the tools to demonstrate our environmental commitment through education, training, community involvement and stewardship.

**Collaborative partnerships** – Proactively working with regulators and stakeholders to identify opportunities for involvement and environmental enhancement.

## 2020 ENVIRONMENTAL PERFORMANCE

**97%**

materials recycled during project construction

**26,000+**

tons of material reused or recycled during project construction

**\$500,000+**

revenue from recycled materials sales used to reduce project costs

**sojo  
DRIVER™**  
An innovation of American Transmission Co.

PLUS

ATC engineers have continued to identify ways to enhance Solo-Driver,™ a patented vibratory method for installing foundations, to further drive down costs and allow for increased structural capacity. Solo-Driver Plus™ incorporates a new “H” design that reduces fabrication time and costs, increases structural capacity and corrosion resistance – all while reducing environmental impact compared to traditional installation methods.

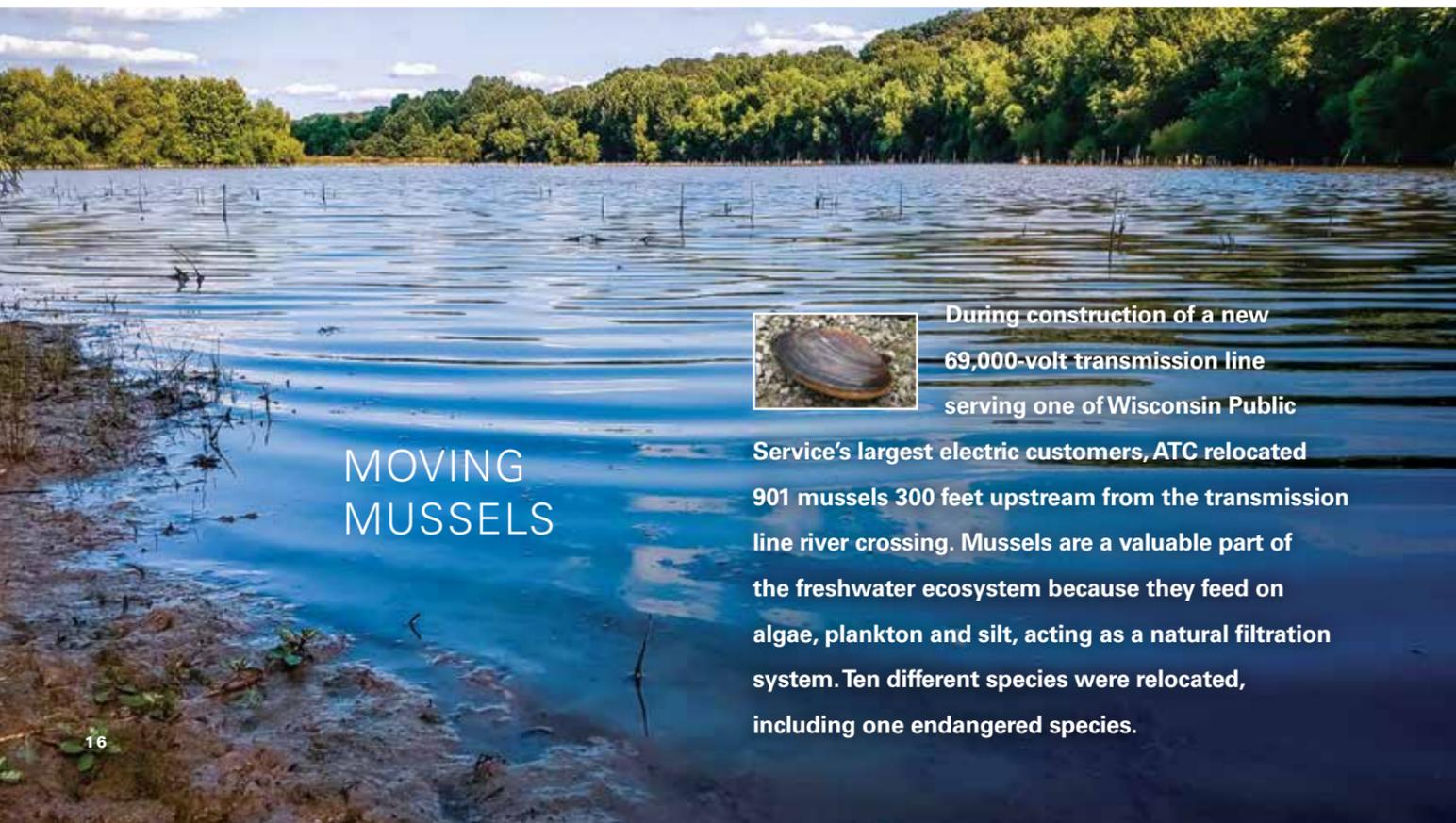




**Protecting wildlife during construction**

Before starting construction projects, ATC conducts environmental surveys to identify threatened or endangered species habitat. All of our efforts follow federal and state guidelines and align with ATC’s Environmental Commitment Statement. We work with state and federal environmental agencies and take measures to protect these species during construction work by:

- **Avoiding construction during critical environmental times, such as during nesting and roosting**
- **Marking areas to avoid during construction with pennant flagging and bright orange safety fencing**
- **Training construction crews on the proper protocol for reporting the presence of threatened or endangered species to environmental monitoring agencies**
- **Installing reptile exclusion fencing and plywood cover boards to keep threatened or endangered species out of active construction areas or aid in their relocation**



**MOVING MUSSELS**



During construction of a new 69,000-volt transmission line serving one of Wisconsin Public

Service’s largest electric customers, ATC relocated 901 mussels 300 feet upstream from the transmission line river crossing. Mussels are a valuable part of the freshwater ecosystem because they feed on algae, plankton and silt, acting as a natural filtration system. Ten different species were relocated, including one endangered species.



**Protecting birds**

Some birds may find our transmission structures attractive places to perch and nest, but doing so can pose risks to their safety and compromise the reliability of the transmission system. Our Avian Protection Program helps birds by:

- **Ensuring new electric facilities are designed to avian-safe guidelines**
- **Providing safe nesting locations throughout our system**
- **Installing bird diverters on overhead shield wires in areas of expected heavy bird use**
- **Working with stakeholders to enhance habitat that benefits a wide range of wildlife, including birds**

In 2020, we installed three osprey nesting platforms near Portage, Wis. We also donated two nesting platforms to the city of Manitowoc and six platforms to the Waupaca Biological Field Station to support their osprey conservation efforts.



Each pole ATC installs for great blue herons contains three nesting platforms, which are installed at different angles to mirror the offset tree branches the birds prefer.

ATC has supported the installation of more than **200 nesting platforms** on or adjacent to our transmission structures enabling eagles, herons, osprey and other birds to nest safely.



The Mequon Nature Center half-acre site in Mequon, Wis., that our employees helped plant in 2017 now supports a multitude of pollinator species.



ATC seeded 22 acres of pollinator habitat at Hill Valley Substation.



It takes 3-5 years to establish a healthy pollinator habitat like the one at the Tiger Substation, which was initially seeded in 2015.

**Promoting pollinator habitat**

ATC's pollinator habitat program identifies and develops portions of our rights-of-way for pollinators. ATC is uniquely positioned to help establish pollinator habitat because of the more than 10,000 miles of transmission line right-of-way we manage. We developed a first-of-its-kind model to map and identify existing suitable pollinator habitat and gaps in pollinator pathways along our transmission lines. Roughly 40% of the rights-of-way we manage has been identified as suitable pollinator habitat.

**In 2020, we:**

- Prepared and seeded 22 acres to create pollinator habitat as part of the Hill Valley Substation Project in Grant County, Wis. An additional 33 acres contains native prairie grasses that will provide a buffer from agricultural fields and roadways.
- Started restoring 29 acres of pollinator habitat as part of the Mount Pleasant Tech Interconnection Project in Racine County, Wis. Restoration efforts included invasive species control, preparing and seeding the area, and repairing a small, eroding drainage bioswale.



**CREATING A NATIVE PRAIRIE**

Our Pollinator Habitat Program supported prairie restoration in Stevens Point's Koziczkowski Park. City employees and volunteers from the Aldo Leopold Audubon Society seeded the restoration site in fall 2020.

**Supporting trees and low-growing vegetation**

Trees and vegetation are an important part of the landscape. We balance our vegetation management efforts by helping to re-establish trees and compatible vegetation in the communities we serve.

**In 2020, we:**

- Awarded \$65,000 to 25 entities to plant trees and low-growing vegetation through our Community Planting and Pollinator Habitat Programs; we've donated nearly \$500,000 since 2013
- Donated 510 trees to 125 Wisconsin schools through our Trees for Threes partnership with the Milwaukee Bucks basketball team; we've donated more than 1,750 trees since our partnership began in 2015
- Awarded \$8,500 in Arbor Day sponsorships to 22 communities; we've given \$88,000 to more than 300 communities since 2009
- Sponsored 14 Grow Smart® in-person and virtual educational sessions led by nationally known horticulturist Melinda Myers, reaching more than 12,000 people



# COMMUNITY & CULTURE

COMMITTING TO OUR COMMUNITIES

Our corporate values of care, challenge, commit, communicate, compete and celebrate drive everything we do. We look to these values when directing resources and energy to give back and working together as one team toward a common goal. Our values guide our commitment to safety and help us maintain a strong, positive culture.

## Strengthening communities

We believe the strength of a community rests on three main areas of need: education, health and the environment. We focus on these foundational elements when directing our resources and energy to give back.

In 2020, we donated more than \$700,000 to roughly 430 organizations in our service area, with 20% of those donations earmarked for COVID-19 relief to help the most vulnerable in our communities. When we heard the outcry in our nation, we donated \$125,000 to support causes our employees identified as doing great work to promote social justice and equity. Our United Way campaign raised more than \$200,000 to support vital community programs. We also provided \$63,500 in matching gifts to support 127 organizations our employees care about.

When we received a donation of 900 industrial-grade face coverings from one of our partners, we had an ample supply and decided to pay it forward, donating them to organizations in our service area who needed them.

Volunteering looked very different for our employees in 2020. Instead of group volunteer projects, we shared individual opportunities for volunteering from home, such as mask making for the United Way and community hospitals, and supporting virtual charitable runs, walks and a radio fundraiser over the holidays for Children's Hospital of Wisconsin.

We also helped connect radio station listeners with safe volunteer opportunities at non-profit organizations in their community. ATC and radio

stations in Milwaukee, Madison and Green Bay invited non-profits to post low-contact and contact-free volunteer opportunities on the radio stations' websites. ATC and the stations used advertising and social media to promote these positive energy opportunities.



**\$700,000**  
donated to 430 organizations

**20%**  
for COVID-19 relief



**\$125,000**  
to support causes  
our employees identified  
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**\$200,000**  
donated to United Way  
to support vital  
community programs



**\$63,500**  
in matching gifts to  
support 127 organizations  
our employees care about



**90%** of our employees have participated in Diversity & Inclusion training



**Committing to inclusion**

The protests and civil unrest that took place across the country prompted ATC executives to remind employees of our commitment to equality. At ATC, we place a high value on an inclusive culture. There is no place for any form of racism, intolerance or discrimination. We are one team guided by our values to care about our people, commit to fairness, communicate openly and celebrate diversity.

To date, roughly 90% of our employees have participated in Diversity & Inclusion training. We continue to actively recruit diverse candidates for open positions and award scholarships to schools with diverse populations and professional organizations.

In addition to our support for Black Leaders Organizing for Communities and Public Allies of Milwaukee, we continue to support equity in and opportunity for education in underserved communities through United Way, STEM learning and school partnerships, Boys & Girls Clubs, Big Brothers Big Sisters, Junior Achievement, Dr. Martin Luther King Jr. events and the Urban League.

**Stronger Together**

The summer’s civil unrest in Kenosha, Wis., prompted our construction team to discuss the challenges facing the nation around equality and unity. Their T-shirt design contest that followed raised \$2,300 for the Kenosha Boys & Girls Club through a combination of T-shirt sales and employee donations.



**Encouraging careers in energy**

Educating young minds about our industry is important to our future. We developed a unique program with Wisconsin-based education network Into the Outdoors titled “Electrifying Careers in Energy.” The program and accompanying lessons take middle schoolers on an investigative journey to discover jobs in our industry, how electricity is generated and delivered, and the steps we take to protect the environment.

The COVID-19 pandemic challenged us to find new ways to provide volunteer support for STEM education in 2020. During Careers in Energy Week in October, we collaborated with the University of Wisconsin - Stevens Point’s Wisconsin K-12 Energy Education Program to invite teachers, parents and students to a virtual panel discussion with ATC employees about their careers in the electric utility industry.

For the third year, we employed work-study students from Milwaukee’s Cristo Rey Jesuit High to enable them to earn a portion of their educational costs and gain work experience. The school is located in a diverse neighborhood with one of the city’s fastest-growing school-aged populations near the city’s mostly Hispanic south side. Unfortunately, the program’s spring semester was cut short in March due to the pandemic.



Careers in Energy Week virtual panel

ATC welcomed 15 college interns to learn and work virtually during the pandemic. Although it may not have been the internship experience they expected, the students learned about our industry, our company and our corporate culture while working remotely.

ATC’s vegetation management team has supported the University of Wisconsin – Stevens Point’s Forestry Department for five years, teaching an annual weeklong utility vegetation management course and serving on the department’s advisory board. ATC’s involvement promoted greater awareness of utility forestry career opportunities, leading UWSP to launch the first professional utility vegetation management certificate in North America in 2020.





ATC reached **145 days** without an OSHA recordable injury and no lost work days occurred due to injury in 2020.



Named to the *Milwaukee Journal Sentinel's* Top Workplaces list for the seventh consecutive year



Named to the Great Place to Work® Best Workplaces in Manufacturing & Production list for the fifth time

### Caring for our employees

We work hard at maintaining a positive culture to keep employees engaged and were again recognized as a Top Workplace by the *Milwaukee Journal Sentinel* and a Best Workplace in Manufacturing & Production by Great Place to Work®.

### Caring for employees during the pandemic

As most employees moved to remote work in 2020, we prioritized communication to ensure they remained engaged. We increased the frequency of communications to provide important updates on our response to COVID-19, and our return to the workplace plan, while keeping employees safe.

We educated employees how to maintain cybersecurity when working remotely, request access to an ATC office and shared safety protocols to follow at ATC facilities. We also created tools to support leaders who were managing their teams remotely and used our robust intranet to provide COVID-related news and resources.

Understanding the pandemic's potential toll on physical and mental health, we extended telehealth benefits and promoted wellness and mental health resources. We rolled out a new on-demand home workout program and added a new service to help employees find dependent care and other services. As employees moved to remote work, we helped employees set up ergonomically correct workstations.

### Committing to safety

Safety is a priority at ATC, especially during a pandemic. We work with our partners to implement and sustain world-class safety practices that help ensure the safety and health of our employees, partners and the public.

Following the guidance of the Centers for Disease Control and Prevention and other agencies, we introduced specific safety protocols to keep employees and contractors safe. This included restricting access to our offices, reviewing contractors' response plans and establishing triage teams to oversee safety protocols. We introduced a new process and

documentation in 2020 for employees and contractors to streamline efforts for requesting field work.

Over the past few years, we have put considerable effort into maturing our safety and human performance programs. We recorded our 1,000th Good Catch – preventive action program – in 2020. This significant milestone allows us to use data in new ways to improve field worker safety and exchange insights with our contract partners.

Last year, ATC reached 145 days on our footprint without an OSHA recordable injury, the second highest consecutive day count in our history. We also ended the year with zero employees and contractors on the ATC footprint losing a day of work due to injury - a new record.

### Rewarding our employees

Our Total Rewards strategy provides monetary benefits and developmental rewards to employees who achieve specific business goals. Our market-competitive total rewards package includes base salary, short-term incentive bonuses, contributions to individual pension plan accounts, a matching gifts program and comprehensive health, wellbeing and retirement benefits. In 2020, we enhanced our benefits to ensure they are transgender-inclusive. We believe our strategy results in engaged and productive employees who feel appreciated and rewarded for their contributions. Our employees agree; when surveyed, roughly 84% agreed that ATC has special and unique benefits.

### Promoting wellbeing

We believe in creating, nurturing and maintaining a supportive, healthy work environment that enables our employees to integrate work and personal responsibilities. We offer flexible work arrangements, paid time for community service, concierge services and generous paid time off programs. Our comprehensive wellness program provides tools, resources and incentives to help our employees and their families lead healthy, productive and balanced lives. Roughly 95% of employees took advantage of our wellness program in 2020.

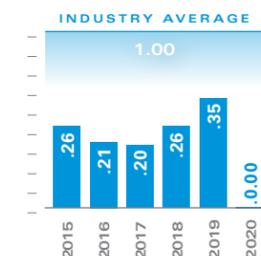
### Growing and developing

We strive to provide opportunities to help our people grow professionally. ATC employees receive annual performance reviews and regular coaching from their supervisors. They also may advance their careers through a variety of opportunities, including leadership development, technical development, skills development, mentoring, tuition reimbursement, knowledge sharing, and industry participation. Nearly 90% of employees said they were offered training or development to further themselves professionally in 2020. We also have an internal job posting process for employees who may be interested in new opportunities within the company. Of the approximately 35 job openings in 2020, nearly 40% were filled internally.

OSHA Recordable Injury Frequency Rate\*



OSHA Lost Time Injury Frequency Rate\*



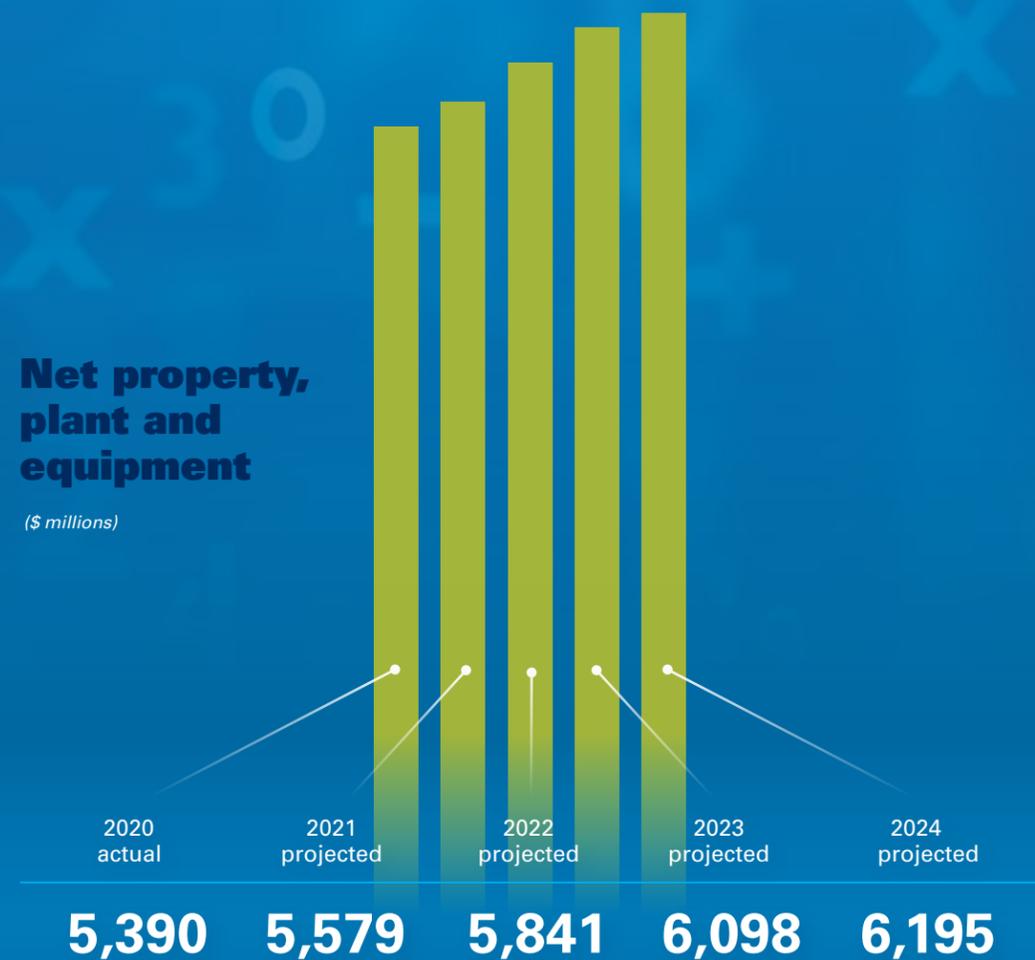
\* Includes employee and contractor incidents on ATC's footprint.



# FINANCIALS

## Net property, plant and equipment

(\$ millions)



## By the numbers

ATC began operations in 2001 with \$550 million in assets. Nineteen years later, we are a company with over \$5.4 billion in assets, operating 10,081 miles of electric transmission lines and 582 substations. Our cost control, purchasing and benchmarking strategies result in construction cost estimate accuracy that consistently beats the industry standard.

### Remaining stable and predictable

For investors, ATC offers stability. We have always maintained a conservative risk profile and have a high predictability of earnings and cash flow. We are a FERC rate-regulated provider of transmission services and our customers are financially sound, rate-regulated utilities that own generation and distribution facilities, but no transmission facilities.

Approximately 80% of our revenue derives from network service, which is similar to a fixed capacity charge, and ATC does not have weather or volume sensitivity. ATC's conservative risk profile and predictable



A+/A-1 (stable)



A2/P1

earnings and cash flow have contributed to consistently strong credit ratings.

ATC remains sensitive to the cost pressures in the utility industry and has taken steps to reduce our costs:

- Reduced our operating and maintenance budget on average 2% annually since 2018 and continue to focus on ways to reduce our costs.
- Increased our 2020 debt issuance from \$100 million to \$200 million to provide financial flexibility during the pandemic while taking advantage of historic low interest rates. This allowed ATC to set an all-time low interest rate for our 30-year debt and a nearly all-time low on 10-year debt, resulting in about \$0.5 million lower interest expense annually for our customers' rates over the next 10 years.

### Forecasting 10-year capital expenditures

We look at our system annually and share information about projects and maintaining electric reliability in our service area. Our 2020 10-year forecast calls for capital expenditures of \$2.9 to \$3.6 billion in system improvements. Operating a safe, reliable transmission system has always been ATC's top priority. With that focus, we're also working to make electricity a great value by strengthening the grid to enable our customers to participate in and reap the benefits of the wholesale energy market.

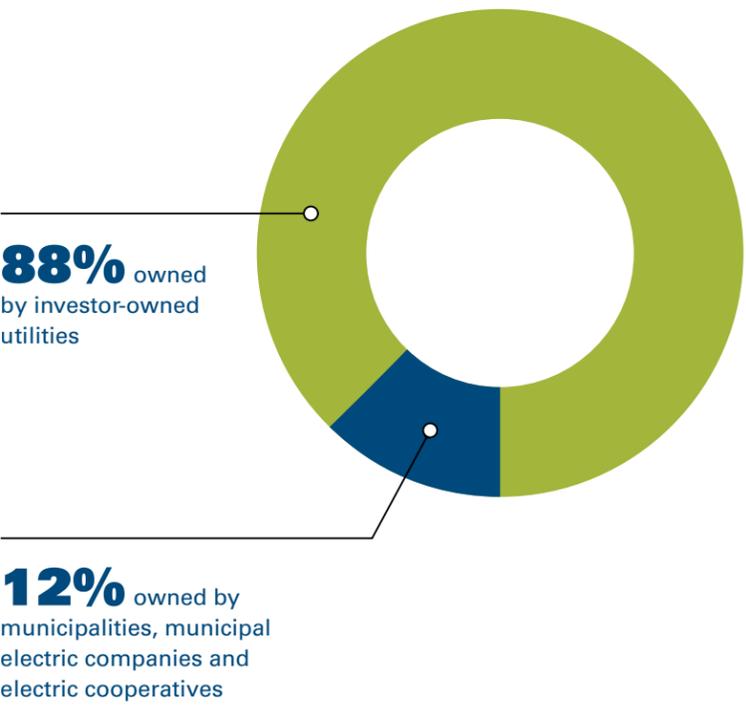
Over the past ten years, we have:

- improved transmission reliability,
- upgraded or built more than 2,370 miles of transmission line,
- improved nearly 140 electric substations,
- connected 7,400MW of new generation at over 30 sites
- saved customers millions in reduced energy costs with access to the marketplace and lower line losses, and
- increased import and export capability.

<b>FINANCIAL POSITION AND RESULTS</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<i>(\$ thousands)</i>			
Operating Revenues	\$758,117	\$744,371	\$690,510
Operating Expenses	372,463	373,527	358,703
Operating Income	385,654	370,844	331,807
Other Income, Net	1,922	48	2,405
Net Interest Expense	112,818	110,490	110,725
Earnings Before Members' Income Taxes	\$274,758	\$260,402	223,487
Distributions to Members (at 80%)	\$219,806	\$208,321	\$178,790
Net Property, Plant and Equipment	\$5,389,535	\$5,232,181	\$4,921,218
Current Assets	92,735	84,635	87,250
Regulatory and Other Assets	11,003	12,039	7,575
Total Assets	\$5,493,273	\$5,328,855	\$5,016,043
Members' Equity	\$2,292,073	\$2,214,627	\$2,066,725
Short-term Debt	174,127	262,834	233,748
Long-term Debt (including current portion)	2,512,246	2,312,799	2,163,946
Total Capitalization	4,978,446	4,790,260	4,464,419
Other Current Liabilities	136,622	239,767	256,343
Other Long-term Liabilities	378,205	298,828	295,281
Total Capitalization and Liabilities	\$5,493,273	\$5,328,855	\$5,016,043
<b>CAPITALIZATION</b>			
Debt	54.0%	53.8%	53.7%
Equity	46.0%	46.2%	46.3%
Total Capitalization	100.0%	100.0%	100.0%
Commercial Paper Program	\$400,000	\$400,000	\$400,000

## Ownership

ATC is a privately owned company. Utilities, municipalities, municipal electric companies and electric cooperatives from Wisconsin, Michigan and Minnesota have an ownership stake in ATC.



- Adams-Columbia Electric Cooperative
- AE Transco Investments, LLC (owned by Alliant Energy)
- Alger Delta Cooperative Electric Association
- City of Algoma
- ALLETE Transmission Holdings, Inc.
- ATC Holding LLC (owned by WEC Energy Group)
- ATC Management, Inc.
- Badger Power Marketing Authority
- Central Wisconsin Electric Cooperative
- Cloverland Electric Cooperative
- City of Columbus
- City of Kaukauna
- Manitowoc Public Utilities
- Marshfield Electric and Water Department of the City of Marshfield
- MGE Transco Investment LLC
- City of Oconto Falls
- Ontonagon County Rural Electrification Association
- City of Plymouth
- City of Reedsburg
- Rock Energy Cooperative
- City of Sheboygan Falls
- Stoughton Utilities
- City of Sturgeon Bay
- City of Sun Prairie
- Upper Peninsula Public Power Agency
- City of Wisconsin Rapids
- WPPI Energy

# LEADERSHIP & GOVERNANCE

## EXECUTIVE TEAM



**Mike Rowe**  
Chairman, President and  
Chief Executive Officer



**Mark Davis**  
Executive Vice President  
and Chief Operating Officer



**Mike Hofbauer**  
Executive Vice President,  
Chief Financial Officer  
and Treasurer



**Lori Lorenz**  
Executive Vice President and  
Chief Administrative Officer



**Bill Marsan**  
Executive Vice President  
and General Counsel

## BOARD OF DIRECTORS



**Mike Rowe**  
Chairman, President and  
Chief Executive Officer,  
American Transmission Co.



**Michael Niggli**  
Retired President and  
Chief Operating Officer,  
San Diego Gas & Electric



**Kevin Fletcher**  
President and Chief  
Executive Officer,  
WEC Energy Group



**Gale Norton**  
President, Norton  
Regulatory Strategies



**John Jamar**  
Chief Executive Officer,  
CCI Systems



**Michael Peters**  
President and Chief  
Executive Officer,  
WPPI Energy



**Jeffrey Keebler**  
President and  
Chief Executive Officer,  
MGE Energy and Madison  
Gas and Electric Company



**Stephen Yanisch**  
Retired Managing Director,  
Public Finance Department,  
RBC Capital Markets



**John Larsen**  
Chairman, President and  
Chief Executive Officer,  
Alliant Energy Corporation

# ETHICS



### Maintaining solid ethics and compliance

ATC's strong reputation is built on the trust we develop and cultivate with our stakeholders. It reflects the expertise and honesty displayed by our employees and contractors in the performance of their work on behalf of ATC. Our strong compliance program includes regular employee engagement and a designated compliance officer who chairs our Policy & Ethics Committee and co-chairs our Security, Governance, Risk and Compliance Steering Committee.

### Conducting business with integrity

Our Code of Conduct helps us make business decisions that align with our corporate values. We expect our employees to comply with our Code, raise questions and concerns, and cooperate during investigations. We take violations of the Code of Conduct seriously. ATC employees have a duty to report potential violations of the Code of Conduct, corporate policies, laws and regulations, or other matters that put ATC at risk. We reinforce the importance of ethics and our Code of Conduct with employees annually.

ATC also requires suppliers to adhere to our Supplier Code of Conduct, which is consistent with our company Code of Conduct. In 2020, we rolled out a new Supplier Code of Conduct that requires select suppliers to complete an

annual ethics questionnaire, based on a risk-based, tiered approach. Non-compliance with the Supplier Code of Conduct may result in the supplier being removed from a competitive bidding process and/or termination of an existing assignment or contract.

### Managing risks

ATC's Enterprise Risk Management program is designed to enable informed decision making through comprehensive risk identification, assessment and mitigation. In 2020, the audit and risk management team worked to enhance the capabilities of a governance, risk and compliance platform to manage risk and internal control information, and incorporate new functionality to manage business continuity plans, corporate security events and NERC reliability standards.

### Maintaining cyber and physical security

As cyber and physical threats continue to grow, ATC remains focused on the security, reliability and resiliency of the energy grid and our data systems. Our programs are routinely reviewed and updated to improve performance, with results reported to the board of directors.

Our cybersecurity team regularly assesses our processes and procedures against industry standards like the National Institute

of Standards and Technology Cybersecurity Framework. We annually review technology investments to improve our cybersecurity and ensure our team has the appropriate level of education. Additionally, employee recognition of potential cyber risks is tied to our short-term incentive goals.

Our corporate security team protects people, property and process by regularly assessing threats and vulnerabilities. These assessments are validated by qualified security industry subject matter experts and help provide guidance on ATC's physical security controls. Intelligence gathering and sharing allows the team to quickly and appropriately advise ATC of how to mitigate potential threats and vulnerabilities.

We work with numerous local, regional and national stakeholders as part of our security program and adhere to all applicable compliance requirements, protocols and reporting.

#### In 2020, we:

- Developed plans to ensure a secure remote workforce
- Prepared for the Democratic National Convention with the U.S. Secret Service and other public and private partners, resulting in zero disruptions to ATC services during the event
- Increased threat intelligence oversight during the year's major events, including the pandemic, civil unrest, DNC and the presidential election
- Held a ransomware summit to assure capabilities addressing prevention, detection, response and recovery after observing an increase in industrial control systems ransomware attacks



## Ensuring readiness



We're committed to emergency preparedness. Our ATC Ready program is an ongoing initiative across the organization that focuses on five key areas:

- 1 Business continuity management
- 2 Incident response
- 3 Exercise toolkit
- 4 Personal preparedness planning
- 5 Public-private partnerships and relationships

With most ATC employees working remotely in 2020, we maintained an ongoing incident response team to focus on the health and safety of all employees – especially our transmission system operators.



## Aligning with United Nations Sustainable Development Goals

At ATC, we are doing our part to help ensure a more sustainable future. [Our sustainability priorities align with the United Nations Sustainable Development Goals.](#) In the chart below, we've mapped our priorities with the relevant UNSDGs that reflect our core focus areas.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS						
ATC SUSTAINABILITY PRIORITIES	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION
ENSURING SAFE, RELIABLE ENERGY DELIVERY		✓		✓		
ENABLING THE DELIVERY OF CLEANER, AFFORDABLE ENERGY		✓		✓		✓
INVESTING CAPITAL IN RESILIENT INFRASTRUCTURE		✓	✓	✓	✓	✓
CONTINUING TO DEVELOP A DIVERSE & INCLUSIVE WORK ENVIRONMENT	✓		✓			
FOSTERING A SAFE, RESPECTFUL AND HEALTHY WORKPLACE	✓		✓			

“We will continue to look for ways to improve how we operate and maintain the electric transmission system while connecting you with a sustainable energy future.”

MIKE ROWE



[atcllc.com](http://atcllc.com)



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