

AMERICAN TRANSMISSION COMPANY

2021 REPORT TO THE COMMUNITY



evolve

“Continue to grow and evolve.”

MAHATMA GANDHI,
*Indian Lawyer, Anti-Colonial
Nationalist and Political Ethicist*

American Transmission Co. is evolving.

Our service area and the electric industry continue moving toward renewable generation sources like wind and solar. As the vital connection between renewable energy producers and electric consumers, our company is evolving the transmission system to ensure consumers receive that energy in a timely, reliable and cost-effective manner.

Powering our Communities

American Transmission Co. owns and operates over 10,000 miles of electric transmission lines and approximately 580 substations in portions of Wisconsin, Michigan, Minnesota and Illinois.

Awards & Recognitions

- Great Place to Work® Certified
- 2021 *Fortune* and Great Place to Work® Best Workplaces in Manufacturing & Production
- Michigan Clean Corporate Citizen
- Tree Line USA Utility
- Wildlife Habitat Council Native Landscape
- Wisconsin Green Masters Program – Professional Level

e v o l v e



“ATC begins its third decade in a rapidly changing environment. We must evolve in order to maintain a robust, stable and reliable electric grid during the ongoing energy transition, while also deploying new resources and technologies.”

MIKE ROWE,
Chairman, President
and Chief Executive Officer

For two decades, 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 built our asset base from \$550 million to over \$5.6 billion.

ATC begins its third decade in the midst of an evolution. Our service area and the electric industry are changing rapidly. In 2021, 42% of the energy used by consumers in ATC’s service area came from coal and just 7% from renewable resources. By 2035, less than 1% is expected to come from coal and 25% from renewable resources.

Renewable generation – located in more dispersed areas and being more dependent on the weather – will require a more robust transmission system to ensure electric stability and reliability. ATC is adding new tools and technologies to our system, like battery storage and static synchronous compensators (STATCOMs).

The Midcontinent Independent System Operator has identified the need to invest \$30 billion to \$100 billion in transmission infrastructure by 2040 to maintain a robust, stable and reliable



IMAGE USED COURTESY OF SIEMENS ENERGY

electric grid during the generation transition. We’re working with MISO and other Midwest transmission owners to identify potential projects to meet the needs of consumers in our service area, the first of which should be announced in 2022.

We continue to operate the system well. In 2021, our customer impact (duration and frequency of outages) was at near record lows. Our low number of bulk power outages (200,000-volt and above lines) remains among the best in the industry.

We value our utility customers and engage with them regularly to meet their needs. In 2021, we collaborated with our customers on more than 160 distribution-interconnection projects and over 100 generation-interconnection projects, including two that are now in service.

Over the past several years, our customer satisfaction survey scores have remained high. In 2021, we achieved an 86% overall customer satisfaction score—the highest in our company’s history. 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.

ATC is adding new tools and technologies, like STATCOMs to our system to ensure a stable and reliable transmission system.

At ATC, our employees are one team with a shared commitment to operating and maintaining a safe and reliable electric system. I have every confidence in their ability to help us meet the challenges we face.

In 2021, ATC set a new safety record, with contractors and ATC employees working 246 consecutive days without a recordable injury on our footprint. We were again recognized as a Best Workplace in Manufacturing & Production by *Fortune* and Great Place to Work®. We are undertaking an effort to advance diversity, equity and inclusion at ATC. While DE&I has always been important at ATC, this effort is an evolution of our past efforts with the goal of continually striving to make ATC a better performing organization that provides equitable opportunities.

Cost discipline remains a key focus area, while also providing good value to our customers and rate payers. With our 2022 revenue requirement filing, we will have reduced our operations and maintenance budget on average by over 2% annually for four years.

I’m proud of what we accomplished this year and I’m excited for what’s ahead. We will continue to evolve how we operate and maintain the electric transmission system to meet consumers’ electric needs.

Mike Rowe
Mike Rowe
Chairman, President
and Chief Executive Officer



In 2021, we achieved an **86%** overall customer satisfaction score—the highest in our company’s history.



246 consecutive days without a recordable injury among contractors and ATC employees.



>2% reduction averaged annually for four years of budgeted O&M.



PROJECT COLLABORATIONS
160 distribution-interconnection projects
100 generation-interconnection projects

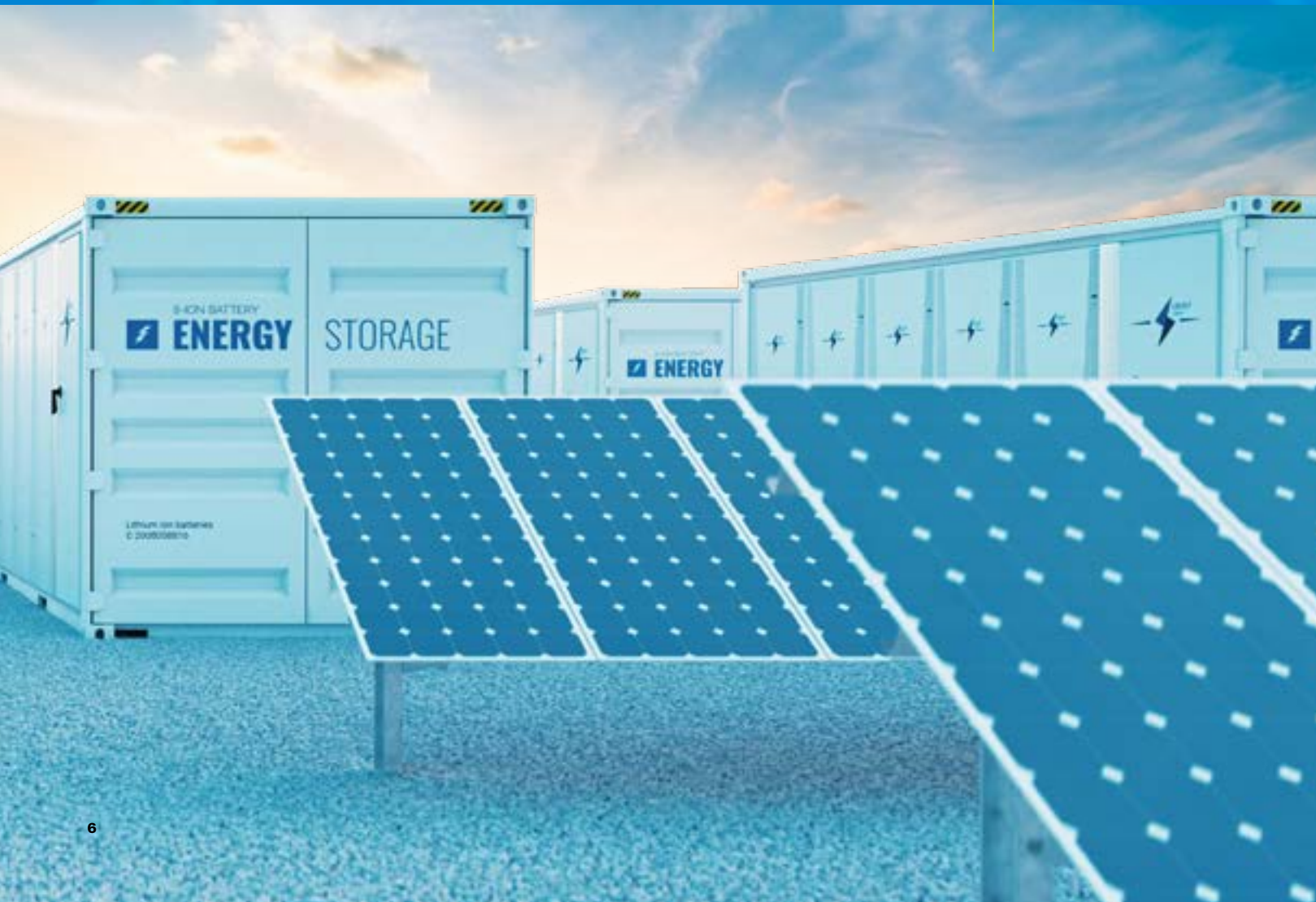
power delivery

POWERING A CLEANER ENERGY FUTURE

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

“At ATC, we continually strive to improve our knowledge, skills, abilities and tools as the industry begins to rely on renewable energy more than ever before.”

MARK DAVIS,
Executive Vice President
and Chief Operating Officer



Evolving generation mix

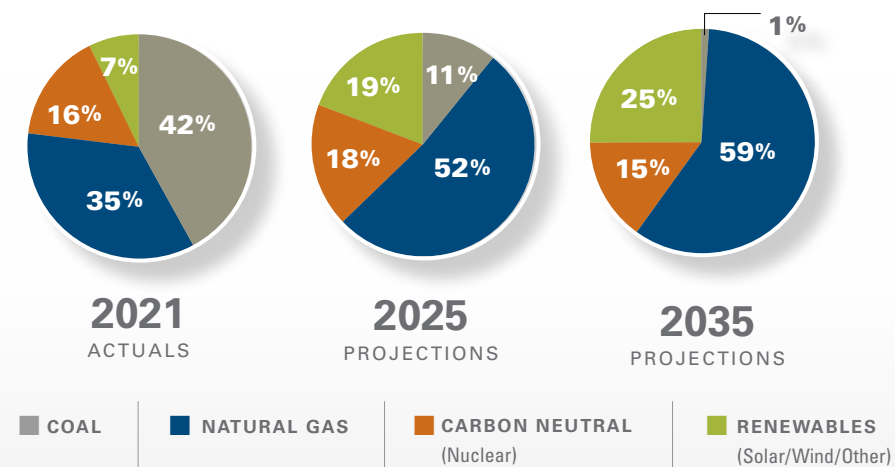
Since 2018, more than 2,200 megawatts of coal generation has been retired within our service area. In the past two years, utilities within our footprint announced plans to retire an additional 2,700 MW.

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. Since 2018, utilities within our

footprint added 475 MW of renewable generation. In the past two years, they’ve announced plans to add an additional 3,000 MW of renewable generation within our service area and another 3,225 MW outside of our service area.

In 2021, the energy used by consumers in ATC’s service area that came from renewable resources (e.g., hydropower, solar and wind) was just 7%. MISO expects that to increase to 25% by 2035.*

PROJECTED ENERGY RESOURCES*



*Source: MISO Midwest Transmission Expansion Plan 2021 Future 2

“The changing energy mix will stress our transmission grid in new ways, which is driving us to evolve our systems in order to cost-effectively and reliably meet our customers’ projected energy demands.”

TOM DAGENAIS,
Director, Renewable
Integration

ATC CUSTOMER GOALS

WEC Energy Group
Net-zero CO₂ emissions from electricity it generates by 2050

Alliant Energy
Net-zero CO₂ emissions from electricity it generates by 2050

MGE Energy
Net-zero CO₂ emissions from electricity supplied to customers by 2050

WPPI Energy
Nearly 40% reduction in CO₂ emissions by 2025

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

WISCONSIN

10% of energy generated is renewable; goal to be carbon neutral by 2050



MICHIGAN

8% of energy generated is renewable; goal to be 100% renewable by 2050

STATE GOALS

“As our customers’ needs change, providing a positive customer experience remains a top priority. We continue to listen and engage to best meet their current and future needs.”

RANDY KARLS, *Director, Customer Relations and Interconnection Services*

MEETING OUR CUSTOMERS’ NEEDS

10,440 MW

of wind and solar in ATC’s interconnection queue, up 45% from 2020

2,400 MW

of storage in ATC’s interconnection queue, up 790% from 2020

2,160 MW

of solar and wind in generator-interconnection agreement negotiations or construction, up 35% from 2020

30% increase

in distribution-to-transmission interconnections from 2020 with more being driven by distributed energy resource projects

As of Dec. 31, 2021

Interconnections requests

Requests to interconnect new generation sources to ATC’s system are at all-time highs and continue to increase. Generation developers and local utilities are driving this increase as they work to meet renewable energy goals. This shift is driving an increase of two types of interconnection projects for ATC:

1 Generation-to-transmission interconnections

In 2021, ATC received nearly 40 new generation-to-transmission project requests, bringing the total of active generator projects to over 100. Two projects went into commercial operation last year and together will generate over 250 MW of solar power.

ATC begins formal engineering, design and construction after a generator-interconnection agreement is executed by MISO for all network upgrades associated with generator interconnections. Generation developers are required to complete a MISO application and study process prior to a generator-interconnection execution.

2 Distribution-to-transmission interconnections

In 2021, ATC received about 90 distribution-to-transmission project requests, up nearly 30% from 2020.

The increases are being driven by the strong Wisconsin economy, leading to growth in our distribution customers’ service territories. Also, the local utilities are seeing growth in distributed energy resource projects (small to medium-sized renewable energy installations) over the past



American Transmission Co. / 2021 Report to the Community

We began construction on the Cardinal-Hickory Creek Transmission Line Project, which is critical to a cleaner, safer and more affordable energy future in the Upper Midwest.

several years, again hitting a record high in 2021 and resulting in the need for more distribution-to-transmission interconnections.

Given the influx of requests and to meet the quick timeline for customers’ in-service requests, ATC introduced a new online distributed energy resources request form in July 2021. The new DER form gathers the information ATC needs to process the requests quickly and accommodate the customers’ in-service dates. As the energy mix changes, we continue to engage with our customers to meet their needs.



Supporting the regional long-range transmission plan

Transmission is the vital connection between renewable energy producers and electric consumers. The transition to new, cleaner generation sources will cause more variability in energy flows across the region, requiring a more robust transmission system to ensure stability and reliability. As the energy transition happens, we are working on innovative solutions to ensure the transmission system remains stable, reliable and economical.

MISO has identified the need to invest approximately \$30 billion to \$100 billion in transmission infrastructure by 2040 to maintain electric system reliability during the transition. ATC is working with MISO and other Midwest transmission owners to identify potential projects that would meet the needs of consumers in our service area. MISO plans to announce the first set of these projects in 2022. These projects will bring broad benefits to the upper Midwest and costs would be shared across the region.

Furthering a clean energy future

We began construction in November 2021 on the 102-mile, 345,000-volt Cardinal-Hickory Creek Transmission Line Project, which will connect Dubuque County, Iowa, to Dane County, Wis., and is critical to ensuring a cleaner, safer and more affordable energy future for the Upper Midwest. Its construction and operability provides a vital link to support the interconnection of renewable generation in our region, reduces energy costs and improves the reliability and flexibility of the transmission system. The approximate \$492 million project will be cost-shared throughout the northern MISO multi-state region and is expected to be complete in December 2023.

“We are leveraging new ways of contracting resources and working with our partners to ensure we effectively connect renewable energy resources to our system.”

SARAH JUSTUS
Director of Construction



As part of the Badger Hollow Network Upgrades Project, we replaced a transmission structure on an island 400 feet into the Wisconsin River. Water levels in the floodplain of the region can vary, so the team chained four different types of mats together and anchored them to shore, creating a road across the river to support a 140,000-pound drill rig.

Also in November 2021, ATC started construction on the \$27.4 million [Darlen and Paris Solar Network Upgrade Project](#), which will support ATC's 138-kV and 345-kV systems in southeast Wisconsin. The project interconnects 250 MW of solar and 75 MW of battery storage at the Darlen Solar Energy Center in Rock and Walworth counties, along with 200 MW of solar and 50 MW of battery storage at the Paris Solar-Battery Park in Kenosha County. These proposed generation developments will be jointly owned by We Energies, Wisconsin Public Service, and

Madison Gas and Electric. ATC anticipates all work to be complete in December 2022. If approved by regulators, the Darlen Solar Energy Center and Paris Solar-Battery Park are expected to be in service by the end of 2023.

In March 2021, ATC completed the \$5.4 million Apollo Substation Project to connect 100 MW of solar energy from the Point Beach Solar Energy Center that will serve WPPI Energy member communities.

In December 2021, ATC completed construction of the \$15.6 million [Badger Hollow Network Upgrades Project](#) in Iowa County, Wis. This high-voltage electric interconnection project provides a pathway of power from the 150 MW Badger Hollow Solar Park I to our region's electric grid. The Badger Hollow Solar Park facility is jointly owned by We Energies, WPS and MGE.



Darlen and Paris Solar Network Upgrade Project

Strengthening electric reliability

In 2021, we completed a complex engineering feat by removing six submarine electric transmission cables and installing two new, solid dielectric insulation submarine cables along the lakebed of the Straits of Mackinac. The prior 138-kV transmission circuits were damaged in April 2018 when a ship anchor severed two of the six cables and severely damaged a third. The three undamaged cables were reconfigured at the time to form a single transmission circuit, allowing ATC to restore one electrical connection between the Upper Peninsula and lower Michigan. With improvements made to the Point La Barbe and McGulpin riser stations, as well as installation of the new cables, the \$105 million project reinforces electric reliability for energy consumers in Michigan's Upper Peninsula.

ATC completed the \$21 million Northern Lights Distribution Interconnection Project in June 2021 to strengthen electric transmission reliability in the Dane County area. The project included construction of an approximately 1.3-mile, 138-kV underground transmission line and the new Northern Lights Substation, which connects to the existing Cross Country Substation in Verona. ATC also installed communication wires between Verona and the city of Madison.

Initially identified in ATC's 10-Year Assessment in 2009, the \$25 million Port Washington-Saukville Project was needed to strengthen electric transmission reliability in the southeast Wisconsin area and improve operating flexibility under certain system conditions. The scope included a 4.8-mile, 138-kV transmission line rebuild, along with modifications at the Port Washington Substation in Port Washington, Wis., and Saukville Substation in Saukville, Wis. The project was officially placed into service on December 2021.

Installing two new submarine transmission line cables across the Straits of Mackinac required a level of complexity unlike any other ATC project to date. The cables were shipped via ocean liner from South Korea. The logistics, timing, weather, construction techniques and communications made this project unique.



Northern Lights Substation Project



Harnessing emerging technologies

Our forthcoming Waupaca Area Storage Project in Waupaca, Wis., will be the first storage as transmission only asset in the MISO footprint. ATC has selected Mitsubishi Electric Power Products Inc. to provide the 2.5 MW, two-hour duration battery storage system at the Harrison North Substation, which is expected to be in service in late 2022. With an overall cost of \$9.5 million—less than a traditional transmission solution—this device will help relieve high thermal loading, control voltage, and allow greater operational flexibility for planned and unplanned outages.



In December 2021, MISO approved the first transmission static synchronous compensator project in our service area to help ensure the stability and reliability of our transmission system in the Upper Peninsula of Michigan.

“We will continue to evaluate and use emerging technologies to address transmission needs and add value to customers.”

BOB MCKEE,
Strategic Projects Director

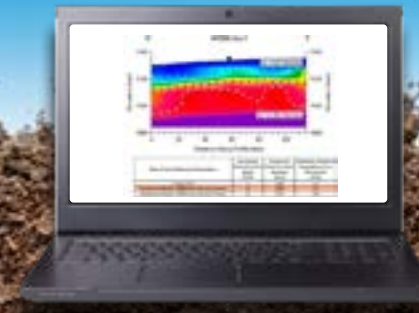
The STATCOM device can automatically control electrical voltage and reacts within a fraction of a second to maintain voltage consistency on the transmission system.

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 over 350 ideas.

A STRONG FOUNDATION



SEISMIC REFRACTION SURVEY

Staging equipment



Cable and geophone layout



Sledgehammer strike



In-field data review



“Our employees continue to demonstrate a curious mindset, generating new and better ways to meet the changing business environment.”

JIM VESPALEC, Director, Asset Planning and Engineering

In 2021, ATC installed a first-in-the-nation asset monitoring system—typically used in off-shore submarine cable installations—to support the two 138-kV submarine transmission cables across the Straits of Mackinac. The system includes both distributed temperature sensing and distributed acoustic sensing to continuously monitor the burial depth and operating temperature of the cables, as well as any significant strain or potential impact events like anchor drops or drags. The technology should also limit the need for future sub-sea surveys, leading to cost savings over the life of the cables.

ATC used seismic refraction surveys for the first time in 2021 to supplement rock probes on a construction project with limited right-of-way access and areas of rocky terrain. The information gathered during soil borings, rock probes and seismic refraction surveys allows ATC to effectively design and engineer the foundations that support transmission line towers. Seismic refraction uses sound waves, created by hitting a metal plate with a sledgehammer, and geophones to record the various waves. That data is used to calculate the thickness of the various rock layers. The surveys help reduce environmental and landowner impact compared to rock probes, which use large, heavy drill rigs.



Managing through supply chain challenges

Both domestically and globally, ATC and many organizations experienced long project lead times, declining resource quality and impacts from natural disasters (such as hurricanes and storms), along with pandemic and other shipping disruptions. To address these issues, ATC created an internal material sourcing team that used capital prioritization tools, revised delivery dates to accommodate highest priority projects, moved materials between projects and engaged alternative suppliers. We continue to review alternatives and options to ensure projects are not delayed due to lack of materials on the jobsite.

Reducing wildfire risk on public lands

In early 2021, *the Hiawatha National Forest and ATC finalized a first-of-its-kind operating plan* between a utility and national forest since the U.S. Department of Agriculture Forest Service adopted a new rule in 2020 to prevent power lines from sparking wildfires on public land. The new 30-year operating plan will protect public lands, uphold environmental responsibilities more efficiently and effectively, and improve the safety and reliability of the transmission system while also providing significant long-term cost savings.

Located in Michigan's Upper Peninsula, Hiawatha National Forest's shorelines touch three of the five great lakes—Lakes Superior, Huron and Michigan.



Onboarding new construction partner

In April 2021, M.P. Systems joined M.J. Electric as one of ATC's two alliance construction contractors. ATC competitively bid seven different contractors, focusing on the areas of safety, equipment cost, and ability to perform the work and ultimately selected M.P. Systems, an employee-owned subsidiary of PPC Partners Inc.

Efficiently meeting customer needs

In late 2018, ATC finalized the Customer Project Support program to ensure we have more advanced notice for local distribution company customer projects that require system outages and/or modifications to ATC equipment or processes. This helps us mitigate risks to our system and ensure that customers get the planned outages they need to complete their work safely and efficiently. Since then, the CPS program has supported over 100 customer projects, providing ATC with enough time to fully support those projects.

For example, Wisconsin Public Service replaced a circuit switcher in a substation last year that required a bus outage to remove the jumpers to the switch. As part

of the CPS program, ATC was invited to the WPS project kickoff meeting, which revealed the opportunity to schedule the bus outage within the same timeframe as an ATC-planned line outage that was part of a nearby rebuild. Combining outages added efficiencies and reduced overall outage time on equipment.



Finding creative cost-savings

ATC and our contractor, M.P. Systems, reduced overall project costs for Jefferson Utilities during construction to support a generator-interconnection project that required both dry and wet excavation. After determining the soil near the substation was not contaminated, the team reused the dry excavated soil and gravel to fill potholes and smooth out the surface of the lengthy substation access driveway.

The village of Weston, Wis., had ordered 10 steel poles but shortly after the poles were delivered, the village informed ATC that the project had been cancelled, leaving the village with hundreds of thousands of dollars in purchased materials. ATC was able to use five of the 10 poles for other projects and contacted a third-party steel pole purchaser to negotiate a price that exceeded conventional scrapping prices and included loading and transporting the poles, all of which helped the village recoup a significant portion of its investment.



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 has on the environment and pursue opportunities to support sustainable, healthy ecosystems.

“We work carefully and thoughtfully to balance regulatory requirements, control costs, serve our customers and reduce our environmental impacts.”

BILL MARSAN,
Executive Vice President
and General Counsel

ENVIRONMENTAL COMMITMENT STATEMENT

ATC is committed to environmental leadership in all aspects of our business to support our mission to 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.

Minimizing impacts to protected species during construction

While planning construction projects, ATC conducts habitat assessments to identify threatened or endangered species habitat. All 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 avoid or minimize impacts to protected species during construction work by:

- Avoiding construction during seasonal timeframes, like nesting and roosting
- Installing reptile exclusion fencing to keep threatened or endangered species out of active construction areas
- Marking areas to avoid with pennant flagging and bright orange safety fencing
- Training construction crews on species protocols and to report species sightings to environmental monitors

“We are evolving how we store and access data to more quickly determine what regulatory requirements apply to our construction projects and how we might reduce our environmental impacts.”

TRISHA SMITH,
Manager,
Environmental
and Associate
General Counsel



PROTECTING TURTLES

Of the 11 species of turtles in Wisconsin, one is endangered, one is threatened, and two are species of special concern. In early 2021, an environmental survey showed an area in our right-of-way in north central Wisconsin was prime habitat for one of the four turtles. A reptile exclusion fence was installed to prevent turtles from entering the construction area.



Ornate box turtle
ENDANGERED



Midland smooth softshell turtle
SPECIAL CONCERN



Blanding's turtle
SPECIAL CONCERN



Wood turtle
THREATENED



Installing an osprey nest in Stoughton, Wis.



Installing five nesting poles for herons and egrets in Ashwaubenon, Wis.



TAKING SAFETY TO NEW HEIGHTS

ATC installed more than 1,800 bird diverters by helicopter



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
- Identifying nests that appear on our system and making sure they are in safe locations
- Installing bird diverters on overhead shield wires in areas of expected heavy bird use
- Working with stakeholders to enhance habitats that benefit a wide range of wildlife, including birds

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

In 2021, we installed two osprey nesting platforms in Dane County on or adjacent to our facilities and donated one to the city of Stoughton.

In January 2021, ATC and our construction partner, M.J. Electric, *installed five nesting poles* for great blue herons and great egrets in the 80-acre Ashwaubomay Park in Ashwaubenon, Wis. Each pole contained three nesting platforms installed at different angles to mirror the offset tree branches herons and egrets prefer.

An ATC employee who read a local news story about an osprey nest being removed from a baseball diamond in Stoughton, Wis., kicked off a concerted team effort to *provide the osprey pair with a new place* to raise their young. ATC donated a 70-foot utility pole and a three-by-three-foot nesting platform, and identified a suitable location for a new nest. In March 2021, Stoughton Utilities, and its construction partner, Hooper Corp., installed the new nesting platform and pole roughly a half-mile west of its original location.

In March 2021, ATC *installed more than 1,800 bird diverters by helicopter* on the wires of five transmission lines in Columbia, Dane, Sauk, Waupaca and Waushara Counties. Most bird diverters are installed over or adjacent to wetlands and bodies of water to help protect larger, heavy-bodied species like geese, swans, cranes and other waterfowl.

Promoting pollinator habitat

ATC's rights-of-way management practices help support pollinator habitat within our footprint. ATC is uniquely positioned to help establish pollinator habitat because of the approximately 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 may currently serve as suitable habitat for pollinators and our practices help make these areas suitable for pollinators.



WORKING WITH PROPERTY OWNERS

In areas where we own or lease facilities, we may choose to actively maintain pollinator habitat. In other areas where the rights-of-way are identified as suitable pollinator habitat, our easements allow us to use

the property for constructing, operating and maintaining a transmission line. It is up to the property owner to determine how the right-of-way is used, as long as it is kept free of trees, incompatible vegetation and other obstacles that could interfere with

the operation and maintenance of the transmission line. For nearly a decade our Grow Smart® program has helped property owners and communities *identify low-growing, beautiful, native vegetation* that can be planted under or near transmission line rights-of-way.

According to the Wisconsin Department of Natural Resources, more than 80% of Wisconsin's breeding osprey population nest on platforms. Most of ATC's nesting platforms support breeding osprey pairs.



800 ACRES

We've used pollinator-enhanced seed mix on over 800 acres of land as part of construction projects since we started tracking acres seeded in 2016.

We are actively managing some properties to create additional pollinator habitat. In 2021, we continued to nurture the over 50 acres of healthy pollinator habitat in Wisconsin we seeded previously at our Hill Valley Substation in Grant County, Mount Pleasant Substation in Racine County, and Tiger Substation in Rock County. Reducing competition from invasive species and weeds helps native plants to put down deep root systems and flourish. It generally takes three to five years to establish native vegetation, with most of the work focused on maintenance like weed control (e.g., mowing and selective herbicide applications).

In early 2021, the four-acre native prairie surrounding ATC's Pewaukee, Wis., headquarters was *recertified as a native landscape by the Wildlife Habitat Council* after meeting the Council's strict requirements for voluntarily managing the site as a sustainable ecosystem. The prairie has been certified by WHC since 2018.

We've used pollinator-enhanced seed mix on over 800 acres of land as part of construction projects since we started tracking acres seeded

in 2016. Through our Pollinator Habitat grant program, we have helped over 30 entities that allow public access to our rights-of-way develop roughly 275 acres of pollinator habitat since 2017.

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 2021, 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 *549 trees to 191 Wisconsin schools* through our Trees for Threes partnership with the Milwaukee Bucks basketball team; we've donated 2,330 trees since our partnership began in 2015



- Awarded \$8,500 in Arbor Day sponsorships to 31 communities; we've given over \$100,000 in Arbor Day celebration funding support to more than 330 Tree City USA communities
- Sponsored over 10 pollinator plant in-person and virtual educational sessions led by nationally known horticulturist Melinda Myers, reaching nearly 18,000 people
- Donated approximately *9,000 pollinator habitat seed packets* to nearly 70 libraries in Brown, Dane, Dickinson, Jefferson, Milwaukee and Waukesha counties
- Provided *fresh tree trimmings* and spruce trees to animals at the Green Bay and Milwaukee County zoos



Volunteers planted 10 trees in two of Antigo's city parks.



Madison's Housing Operations Division and the Urban Tree Alliance planted nearly 50 trees on city properties.



Ozaukee County planted native trees around a prairie restoration site in Tendick Nature Park.

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



Provided fresh tree trimmings and spruce trees to animals at the Green Bay and Milwaukee County zoos



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 work together as one team toward a common goal. Our values guide our commitment to safety and help us maintain a strong, positive culture.

"ATC remains committed to meeting the ever-changing needs of our employees and the communities we serve. We are intentional in our efforts to evolve our high-performance culture and power a positive work experience where all employees can learn, grow and thrive."

LORI LORENZ,
*Executive Vice President
and Chief Administrative Officer*



After ATC won a friendly challenge with MGE to benefit the United Way, ATC Executive Vice President and General Counsel Bill Marsan, along with MGE Chairman, President and CEO Jeff Keebler, and ATC employee volunteers did yard work and other seasonal chores at the homes of two local seniors.

Strengthening communities

We care about the people we serve and direct our support to the areas of education, health and wellness, and the environment to help strengthen the communities in our service area.

In 2021, we donated more than \$700,000 to nearly 400 organizations. Our United Way campaign raised almost \$200,000 to support vital community programs. We also provided more than \$48,000 in matching gifts to support organizations our employees care about, and honored ATC's first President and CEO José Delgado, who passed away in January 2021, with a donation of \$10,000 to Summit Education Association, an organization he supported.

Included in our overall support, we directed funds specifically to organizations that are furthering efforts to promote diversity, equity and inclusion, prepare our youth through science, technology, engineering and math education programs, and continued support for organizations hard hit by the COVID-19 pandemic.

Committing to diversity, equity and inclusion

At ATC, we want every employee to feel empowered to bring their authentic selves to work and contribute to their fullest potential. That's why we are undertaking an effort to advance diversity, equity and inclusion at ATC.

While DE&I has always been important at ATC, this effort is an evolution of our past efforts with the goal of continually striving to make ATC a better performing organization that provides equitable opportunities.

Encouraging careers in energy

Educating young minds about our industry is important to our future. ATC makes it a priority to support and engage employee volunteers with educational programs in our service area that encourage scholars to consider careers in energy.

We are active members of the Wisconsin Energy Workforce Consortium, which is focused on strategies to create awareness of the incredible and diverse opportunities for careers in the utility industry.

During Careers in Energy Week in October, we collaborated with the University of Wisconsin - Stevens Point's Wisconsin K-12 Energy Education Program to talk about careers in the electric utility industry. During the same week, we also sponsored the STEM Forward sySTEMnow Conference featuring a new national leader in STEM education, Justin Schaifer, as the keynote speaker, and a college student panel highlighting what it takes to persist in STEM. The conference theme was "STEM for Good: Equity/Innovation/Change."

For the fourth year, we employed work-study students from Milwaukee's Cristo Rey Jesuit High School to enable them to earn a portion

In 2021,
we donated
more than
\$700,000
to nearly
400
organizations.

Our United Way
campaign
raised almost
\$200,000
to support vital
community programs.

We provided
more than
\$48,000
in matching gifts
to support organizations
our employees
care about

"We're refining our corporate giving to focus on more STEM and DE&I opportunities, allowing us to continue to have a positive impact on a broad range of communities and organizations."

GREG LEVESQUE,
*Vice President, External
Affairs and Communications*

“We continue to broaden community partnerships, engagement with STEM activities and offer internships that will diversify career opportunities at ATC.”

ANDY DOLAN, Vice President, System Planning



Hank Aaron Trail 5K



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.

ATC welcomed 15 college interns to learn and work during the continuing pandemic. While many of them spent most of their time working remotely, along with many of our full-time employees, the students learned valuable information about working in our industry, our company and our corporate culture.

We continue to share 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 University of Wisconsin-Stevens Point offers the only professional utility vegetation management certificate program in North America thanks in part to our vegetation management team. They support the university’s Forestry Department, teaching an annual weeklong utility vegetation management course and serving on its advisory committee. ATC’s involvement has brought greater awareness of

the career opportunities available in vegetation management, leading UWSP to offer the Utility Vegetation Management Professional Development Program certificate. The two-year program is designed to provide the knowledge and skills needed to plan and manage sustainable utility vegetation management programs.

Caring for our employees

We work hard at maintaining a positive culture to keep employees engaged. Our belief—one team connected by purpose, curiosity and positive energy—fuels the work we do for our customers, the community and each other. In 2021, we were again recognized as a Best Workplace in Manufacturing & Production by *Fortune* and Great Place to Work®.

Turning 20 strong

In 2021, ATC turned 20, and we did not allow the pandemic to eclipse our desire to celebrate. Called 20 Strong, we recognized employees who have been at ATC since 2001 with a special all-employee online presentation hosted by a panel of current and retired employees

who shared their experiences. All employees at ATC received a letter thanking them for their contributions as well as a choice of gift or donation to a local foodbank. As an organization, we created the ATC Hall of Fame and an online history of the company on our intranet. We also contributed \$20,000 to local charitable organizations in commemoration of our 20 years of success.

Evolving how and where we work

During the first year of the pandemic, we learned that our employees are productive whether they are working in the office or remotely. A team of employees from several different functional areas and levels of responsibility was formed to reimagine our approach to the workplace. This led to the creation of new guidance to employees called Flex for Your Day. It empowers employees to choose how and where they work to serve the needs of the business and our customers most effectively.

Reimagining our facilities

When the lease for the Kingsford, Mich., office was up for renewal in 2020, ATC made a strategic decision to purchase a new workspace that would enhance the employee

experience and reduce costs by eliminating rent and maintaining a smaller footprint. We opened the new Kingsford office in 2021 with design input from employees.

Flex for Your Day is changing how we view the workplace, and along with this reimagined approach ATC decided to incorporate elements in our facilities to support the way employees want to work. We are creating spaces to promote productivity, collaboration and innovation. The new spaces will give employees choice and flexibility for how and where they want to work in the office; optimize teamwork, improve the use of space, and provide comfortable, mixed-use options in common areas.

“How and where we work is changing. ATC is evolving to meet the change and strengthen our culture. We actively listen to employees and emphasize the connection between their role and why it matters.”

KRISTY RUPPRECHT, Director, Human Resources



American Transmission Co.



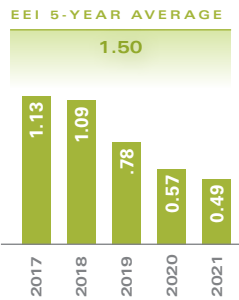
Named to the *Fortune* and Great Place to Work® Best Workplaces in Manufacturing & Production list for the sixth time.

“Collaboration and teamwork drives safety and preparedness at ATC. Our human performance insights and focus on behaviors, personal accountability and learning help us continue to evolve and improve our efforts in these areas.”

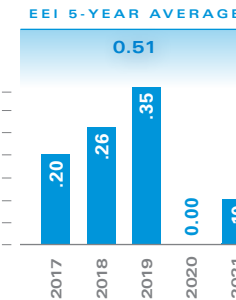
KIANA ADCOCK, *Manager, Prevention and Response*



OSHA Recordable Injury Frequency Rate*



OSHA Lost Time Injury Frequency Rate*



*Compared to Edison Electric Institute's 5-year average

Vegetation Management Safety Days



Committing to safety

Last year we combined our safety, human performance, business continuity and incident response teams to form a Prevention and Response functional area. The connection of core philosophies fosters collaboration and maximizes shared skillsets to provide additional benefits to ATC, our employees, our partners and the public.

In 2021, ATC set a new safety record, with contractors and ATC employees working 246 consecutive days without a recordable injury on our footprint. Our construction and vegetation management partners worked 741,846 hours and only had one recordable injury. And all our vegetation management partners have gone over a year without a recordable injury.

Working closely with our partners to operate safely is essential to our success. ATC has sponsored Safety Days to enhance our vegetation management safety program since 2016. More than 150 contract crew members and managers participated in Safety Days. This year, our vegetation management partners based their agendas on what ATC safety and human performance data metrics identified as areas for improvement.

In 2021, ATC set a new safety record, with contractors and ATC employees working

246

consecutive days without a recordable injury on our footprint.

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. When surveyed, nearly 85% of employees agreed that ATC encourages work-life balance.

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 and generous paid time off programs.

In 2021, with the pandemic wearing on, we placed additional focus on mental health awareness and physical fitness, providing support through our benefit programs. We also assisted with enrolling employees in state COVID-19 vaccine registries and obtaining vaccines.

Our comprehensive wellness program provides tools, resources and incentives to help our employees and their families lead healthy, productive and balanced lives. We had 95% employee participation in our wellness program for the second consecutive year.

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 2021. We believe in promoting and developing from within. We have an internal job posting process for employees who may be interested in new opportunities within the company. In 2021, 50% of the job openings at ATC were filling internally.



In 2021, nearly

90%

of employees

said they were

offered training or

development to

further themselves

professionally.



When surveyed, nearly **85%** of employees agreed that ATC encourages work-life balance.

financials

BY THE NUMBERS

ATC began operations in 2001 with \$550 million in assets. Twenty years later, we are a company with over \$5.6 billion in assets, operating over 10,000 miles of electric transmission lines and approximately 580 substations. This track record assisted us in securing \$200 million of financing for our capital program and general corporate expenses at the lowest rates in our history.

“ATC’s conservative financial profile has provided stability for our investors and customers during this dynamic and rapidly changing time in our industry.”

MIKE HOFBAUER,
Executive President and
Chief Financial Officer

Net property, plant and equipment

(\$ millions)



Remaining stable and predictable

ATC offers stability for financial investors. We have always maintained a conservative financial profile and have provided high predictability of earnings and cash flow. We are a Federal Energy Regulatory Commission 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.

Nearly 80% of our revenue is 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 earnings and cash flow have contributed to consistently strong credit ratings.



A+/A-1 (stable)



A2/P1

Controlling costs for rate payers

ATC remains sensitive to the cost pressures in the utility industry and has taken steps to control our costs and rates consumers pay:

- Our continued efforts to innovate and focus on costs have reduced our operating and maintenance budget on average over 2% annually since 2018
- Our \$200 million long-term debt transaction in 2021 benefited from historic low interest rates and will save approximately \$1.5 million per year on \$100 million of refinanced long-term debt
- We completed our comprehensive depreciation study, which resulted in a decrease in depreciation expense by over \$5 million annually

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 10-year forecast calls for capital expenditures of \$3.5 billion to \$4.2 billion in system improvements to address the need driven by an increase in renewable generation projects and required asset maintenance improvements.

The interconnection requests we’ve seen over the last year for renewable generation developments in our footprint is unprecedented. In response, our long-range planning efforts are evolving to transform today’s network for tomorrow’s sustainable energy future. We are 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.

While we’re investing in a grid that aligns with new technologies and generation resources, our capital projects are also driven by aging infrastructure. Significant investments in our existing infrastructure are required to address deteriorating wooden poles and substation equipment initially installed decades ago that is approaching end-of-life. New fiber optic wire upgrades and installations also help our operators address unplanned and planned outages and more reliably monitor the status of our grid.

“We have evolved our tools and approaches to support our efforts to control costs in this inflationary and changing environment.”

ERIC LUNDBERG,
Vice President,
Finance and Accounting



Our long-range planning efforts are evolving to transform today’s network for tomorrow’s sustainable energy future.

FINANCIAL POSITION AND RESULTS

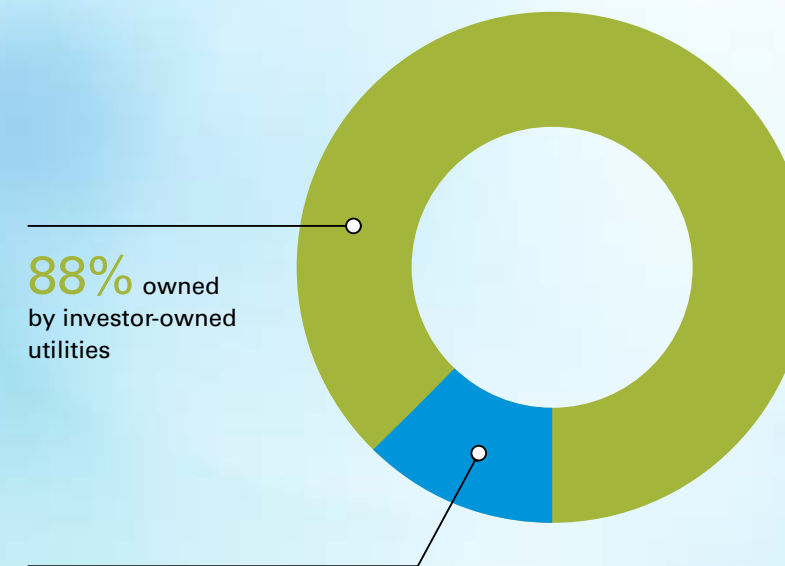
	2021	2020	2019
<i>(\$ thousands)</i>			
Operating Revenues	\$ 754,838	\$ 758,117	\$ 744,371
Operating Expenses	376,153	372,463	373,527
Operating Income	378,685	385,654	370,844
Other Income, Net	1,144	1,922	48
Net Interest Expense	115,089	112,818	110,490
Earnings Before Members' Income Taxes	\$ 264,740	\$ 274,758	\$ 260,402
Distributions to Members (at 80%)	\$ 211,792	\$ 220,948	\$ 208,321
Net Property, Plant and Equipment	\$5,618,920	\$5,389,535	\$5,232,181
Current Assets	89,747	92,735	84,635
Regulatory and Other Assets	9,207	11,003	12,039
Total Assets	\$ 5,717,874	\$5,493,273	\$5,328,855
Members' Equity	\$2,345,950	\$2,292,073	\$2,214,627
Short-term Debt	266,361	174,127	262,834
Long-term Debt (including current portion)	2,513,009	2,512,246	2,312,799
Total Capitalization	5,125,320	4,978,446	4,790,260
Other Current Liabilities	170,557	136,622	239,767
Other Long-term Liabilities	421,997	378,205	298,828
Total Capitalization and Liabilities	\$ 5,717,874	\$5,493,273	\$5,328,855

CAPITALIZATION

Debt	54.2%	54.0%	53.8%
Equity	45.8%	46.0%	46.2%
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.



88% owned by investor-owned utilities

12% owned by municipalities, municipal electric companies and electric cooperatives

- 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

Leading with integrity

In September 2021, ATC appointed two new independent members to its board of directors—Suzanne Allen, president of Allen CFO Services LLC, and Scott Mair, president – AT&T Network Engineering & Operations.

With their appointments, ATC now has six independent directors on our board of directors. ATC’s independent directors bring an important outside perspective to the board, as well as specialized knowledge and subject matter expertise in business, finance, regulatory affairs, business development, information technology and corporate strategy.

“We continue to innovate and adapt to the changing environment, but our commitment to our people, compliance and safety is stronger than ever.”

MIKE ROWE
Chairman, President and Chief Executive Officer

EXECUTIVE TEAM



Mike Rowe
Chairman, President and Chief Executive Officer



Mark Davis
Executive Vice President and Chief Operating Officer



Mike Hofbauer
Executive Vice President and Chief Financial Officer



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.



Scott Mair
President, AT&T Network Engineering & Operations



Suzanne Allen
President, Allen CFO Services LLC



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

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 and 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. Based on perceived risk, select suppliers are required to

complete an annual ethics questionnaire. 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. ATC's audit and risk management team is accountable for providing objective assurance and advisory services to stakeholders, focusing on enhancing ATC's internal control environment and risk mitigation practices.

Ensuring readiness

Our ATC Ready program is an ongoing emergency preparedness 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 continuing to work remotely in 2021, we rolled out our incident command training across several functional areas. We also expanded our exercise toolkit program to promote and encourage functional areas across the organization to perform exercises that would simulate real-time responses to incidents.

Participating in national threat simulations

Nearly 60 ATC employees joined electric utilities and related entities across the nation in 2021 to participate in GridEx VI. This two-day security exercise, coordinated by North American Electric Reliability Corporation every two years, simulates physical and cybersecurity threats to the electrical infrastructure. The initiative supports ATC's commitment to continually develop and implement a comprehensive incident management program that uses industry leading practices.

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 Standard 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 2021, we:

- Developed an enterprise security program
- Enhanced the alignment of risk management and technology security protections
- Expanded employee education to increase the practice of counterintelligence techniques
- Increased threat intelligence oversight during major events including the ongoing pandemic, civil unrest and the Ryder Cup golf competition

“We leverage digital technology and information in operational and strategic decisions and opportunities. We are committed to protecting our operations, people, information, facilities and systems by being vigilant and prepared and mitigating vulnerabilities.”

SCOTT HERBST,
Vice President,
Information Technology



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 ATC's sustainability priorities with the relevant UNSDGs that reflect our core focus areas.

ATC Sustainability Priorities	UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS					
	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 and inclusive work environment	✓		✓			
Fostering a safe, respectful and healthy workplace	✓		✓			





P.O. Box 47

Waukesha, WI 53187-0047

Toll-free: (866) 899-3204

atcinc.com

