

## Functional Equivalency Documentation

Wis. Stats. § 299.83 (1)(dg) defines a functionally equivalent environmental management system as one that includes all of the 12 elements listed in the statute, as well as any other that the department determines are essential elements of the ISO 14001 standard. The following is an explanation of how Fred, ATC's Environmental Management System, conforms to each of the 12 elements listed in the statute and provides examples of how these elements are being implemented at ATC.

### ***1) Adoption of an environmental policy that includes a commitment to compliance with environmental requirements, pollution prevention, and continual improvement in environmental performance***

ATC's Environmental Commitment statement is ATC's Environmental Policy and contains six actions through which it demonstrates its commitment to environmental excellence. These are:

- Compliance
- Pollution Prevention
- Stewardship
- Education and Training
- Collaboration
- Continual Improvement

Since its inception, ATC has pursued a leadership strategy by implementing its environmental commitment. As a result, we've built an environmental ethic into our business activities and developed an attitude of environmental stewardship within ATC.

ATC's environmental management system, Fred, is designed to translate this environmental policy into the actions of all employees and contractors. The environmental policy is derived from ATC's core business values and is built into strategic planning at the high level, and specifically into the planning processes for our capital and maintenance projects.

#### *Examples:*

- *ATC's Environmental Policy is provided to all employees on their first day of work.*
- *The Environmental Policy is available on ATC's website and provided to attendees at open houses and public meetings.*
- *Contractors are provided the environmental policy as part of the project execution plans, required environmental training, and within individual purchase orders.*

- *Environmental goals are developed from the aspects and impacts assessment and represented in terms of the environmental commitment statement.*

## **2) An analysis of the environmental aspects and impacts of an entity's activities**

ATC conducts biennial assessments of the environmental aspects and impacts of our activities. This assessment analyses the risk of the impacts and then prioritizes the aspects. This analysis is provided to all employees and is used when setting environmental goals and budgets, allocating resources needed to address the high priority aspects, and for other function departments to use when setting goals and prioritizing their work.

### *Examples:*

- *Impacts during construction were determined to be significant aspects of ATC's business and a cross functional team representing ATC and contractors was formed to develop and implement Environmental Construction Practices*
- *Waste Management was determined to be a significant aspect and a team was formed internally to implement waste management procedures, select appropriate recycling vendors through our supply chain, and develop an asset recovery process that has returned more to the company than the expense of developing the EMS.*

## **3) Plans and procedures to achieve compliance with environmental requirements and to maintain that compliance**

ATC achieves and verifies compliance with the environmental requirements associated with our activities through implementing Fred including:

- Documented procedures that identify regulatory and other requirements associated with all aspects of ATC activities
- Operational controls to ensure compliance is achieved through the actions of ATC employees and contractors
- Training to ensure compliance obligations and responsibilities are understood
- Compliance verification processes through routine monitoring of projects
- Internal audits of the management system and associated processes.

Environmental awareness is built into the project process at an early, conceptual design stage through a high level environmental review of the project. The Routing and Siting Procedure guides project teams when identifying new right of

way. The teams identify environmental and other features of a project area and design rights of way to avoid the most sensitive of these. This process also focuses the team on addressing those areas that cannot be avoided, thus building compliance into the project. Environmental considerations are also addressed in the development of Design Engineering Guides and Construction Specifications.

During construction ATC trains construction crews about environmental requirements of a project as one way of ensuring compliance. Field Environmental Monitors, either ATC staff or consultants, work with construction contractors to ensure environmentally sensitive areas are marked, permit conditions are implemented properly, assist in making field decisions about environmental impacts or specific construction activities, and verify compliance with all environmental and company requirements. Occasionally, construction work involves a non-compliance situation. These are reported and acted on using our Corrective and Preventive Action procedure. ATC also uses a self-audit process to routinely verify our activities are in compliance with all procedures, work instructions, and specifications.

*Examples:*

- *Numerous examples of the project process, below, can be found in projects that have been submitted to and approved by the PSCW. These include projects in Central Wisconsin, Jefferson County and in Northeast Wisconsin (Cranberry to Conover and Crivitz to High Falls).*
- *ATC projects are developed using project teams with representatives from all functional areas of ATC's business, including environmental. These project teams work collaboratively early to understand the project issues. Environmental Project Managers screen projects for environmental features and communicate environmental issues and needs to the team. These issues become drivers in route selection for new transmission lines and become design criteria as facilities are designed. During the project development process, ATC project teams consult with the DNR and PSCW to understand state requirements, build these requirements into the project and improve the environmental aspects of a project. ATC project teams also communicate with the public impacted by a project.*
- *The Environmental Department's compliance project managers work closely with the construction team and contractors to ensure environmental requirements are understood and the work is completed in compliance with all applicable regulations and ATC requirements. ATC employs environmental monitors to oversee the environmental aspects of construction, working closely and proactively with the construction contractors to ensure areas of environmental protection are marked prior to construction, permits are implemented properly and training is conducted prior to starting work.*

- *Specific environmental compliance procedures, including compliance monitoring plans specific to the project, have been developed and are included in the project execution plans. Environmental project managers and/or the environmental monitors train those responsible for construction.*
- *Along with the development of the ATC Environmental Construction Practices, the compliance team has developed generalized training to support the implementation of these practices. This training is being standardized and put into electronic format so that it can be given by anyone.*
- *When compliance is not achieved during construction, Corrective and Preventive Actions are prepared by environmental monitors and environmental department staff and reported through the process. In 2006, we have reported 51 CPAs to date. 26 of these were identified as major corrective actions and 14 of these have been closed. We have a team of individuals representing our environmental and legal departments that meets every two weeks to review the CPA database, discuss open CPAs, agree on corrective action necessary to close a CPA and concur on closing major CPA reports. We also review and provide improvement to the CPA procedure.*
- *In spring 2006, Matt Krumenauer conducted a self audit of Fred. As a result of this audit, items such as ease of use of Fred, formal training session for staff using Fred, improving CPA process to make it more accessible for use on minor incidents and make environmental compliance an improvement process were identified. A schedule was developed and information about this audit was communicated in the management review held in July 2006. The majority of audit items have been addressed.*

#### **4) Identification of all environmental requirements applicable to the entity**

The Environmental Regulatory and Other Requirements Procedure identify the methods that ATC uses to identify the environmental requirements that are associated with our activities. The general environmental requirements list is available to all employees. This general listing is a starting point for a detailed analysis that is conducted for each project.

All project team members and contractors are involved in identifying the environmental requirements of a project early in the project process. These requirements help inform the routing and siting of new lines and the design process. Prior to construction all contractors are provided training on the specific environmental requirements of the project and what their responsibilities are.

Examples:

American Transmission Co.

Functional Equivalency Documentation

September 27, 2006

- *Every project has a permit checklist as part of the internal approval process. This checklist is reviewed within the project team as well as by other individuals within the organization.*
- *Prior to construction, a construction release form is routed to all applicable individuals for signature. The form lists all necessary permits and approvals and attests that the necessary permits have been acquired, reviewed, training has been provided and requirements understood.*
- *Prior to the start of construction, all contractors and employees associated with construction on a project are trained on the specific environmental requirements of the project. ATC maintains training records in the Human Resources Department.*

**5) A process for setting environmental objectives and developing the appropriate action plans to meet the objectives**

Each year the Environmental Department, in consultation with other departments and executive management sets environmental goals, and when appropriate develops action plans that detail the objectives and targets needed to meet those goals. Environmental goals have been developed every year that ATC has been in operation.

These Environmental Goals are established to address the significant environmental aspects and meet our environmental policy.

*Examples:*

- *Environmental Goals developed since the implementation of Fred include goals and objectives that address significant aspects. These environmental goals are expressed in terms of the six key pieces of the Environmental Commitment Statement. Department goals are shared with other ATC departments, which are encouraged to incorporate these into their department goals. Environmental Department goals are also shared with the Environmental Department staff and individual goals are based on these department goals. We hold mid and end of year reviews of individual goals to ensure we are meeting expectations. The Department manager also reports periodically on department goal progress.*
- *In 2006, ATC environmental staff and the DNR Office of Energy defined a joint goal of improving communication. We identified thirteen items that we committed to work on as a way of improving communication. Dave Siebert and Rita Hayen check in on progress periodically and have committed to including communication performance in year-end reviews.*
- *Environmental Action Plans have been developed and implemented for significant aspects associated with Construction, Waste Management and wildlife impacts. In 2006, a diverse team of individuals worked together to*

*develop environmental construction practices for ATC. These are nearing completion.*

**6) Establishment of a structure for operational control and responsibility for environmental performance**

Every ATC employee and contractor is responsible for understanding and implementing the Environmental Policy through their job functions. Various levels of environmental responsibility are defined through position responsibilities and contractual agreements. Operational controls associated with ATC's environmental aspects are defined through documented procedures, work instruction, standards and contracts that guide the actions of employees and contractors.

*Examples of operational controls that ATC has developed include:*

- *Environmental Construction Practices, in the process of being finalized*
- *Vegetation Management Philosophy, procedures and Specifications have been developed among Maintenance, Real Estate, Legal and Environmental Departments. These documents support reliability maintenance while also addressing associated issues of environmental sensitive areas and easements with landowners.*
- *Design Engineering Guides incorporate environmental information and suggestions to ensure designs are consistent with environmental commitments. This includes substation designs that address Spill, Prevention, Containment and Control requirements for new substations.*
- *Construction Specifications address general environmental requirements and are one part of implementing the Environmental Construction Practices*

**7) An employee training program to develop awareness of and competence to manage environmental issues.**

The Environmental Training Procedure details how training requirements are identified and implemented for ATC employees and contractors.

All ATC employees are required to take general environmental training annually and many positions have additional environmental training that is required to ensure they are competent to meet the environmental responsibilities of their jobs. ATC contractors are required to attend environmental training prior to starting work on any construction project and general environmental training is provided annually to the maintenance contractors.

*Some examples of training:*

- *In 2006, ATC Environmental developed four environmental training courses for use in our web-based training system. All employees are required to take the General Environmental Training course. Three other awareness courses - Wetland Awareness, Erosion Control and Stormwater Management, and Waste Reduction, Recycling and Management – were targeted at employees with project and field responsibilities.*
- *ATC Environmental has developed Environmental Compliance training for specific projects that provide employees and contractors with specific requirements for a project. We have trained over 400 construction contractors in 2006 alone.*
- *ATC is in the process of finalizing a more generic version of construction compliance training based on the Environmental Construction Practices that will complement the project-specific training.*
- *All training records are maintained by ATC's Human Resources Department.*

**8) A plan for taking actions to prevent environmental problems and for taking emergency response and corrective actions when environmental problems occur.**

ATC environmental and operational staffs review emergency events and determine if existing procedures are adequate to prevent and respond to future incidents. The emergency response practices are tested at least annually and improvements are implemented if needed. Project specific training outlines possible emergency events and defines the process that the contractor and project team will use to respond to any emergency event.

ATC has a corrective and preventive action procedure that defines a process for identifying, reporting, acting on and closing environmental incidents, opportunities for improvement or preventive action. This process is a formal method to identify, assess the root cause and take action to remedy the incident and/or implement improvements to prevent future incidents.

*Examples:*

- *For projects, we hold project specific training about the environmental requirements. We also have environmental monitors, either consultants or ATC employees, who are responsible for ensuring sensitive areas are marked and staked prior to construction in an area, working with construction contractors to ensure requirements are communicated and understood, monitoring construction compliance, and reporting on both preventive and corrective actions.*

- *Sensitive areas within a project are marked and staked according to our marking and staking procedure. Marking and staking is addressed in project-specific training and is maintained by the environmental monitors*
- *ATC Environmental and DNR have jointly developed rare species protection protocols for wolf, blanding's turtle, wood turtle and Osprey. We have also adopted the state and federal bald eagle guidelines in Fred. When these species are linked to a specific project, these protection protocols and guidelines become part of the project specific requirements early in the project and continue through construction.*
- *The Environmental Construction Practices define roles and responsibilities of all project team members, identify communication requirements and address field decision making. The importance of field decision-making is that we often need to modify plans to accommodate field conditions, including rapidly changing field conditions. It is important that we are able to involve the construction contractor and ATC construction employees in making decisions about environmental protection because this is closely linked with the construction and cost of a project.*

**9) A communication plan for the collaboration with employees, the public, and the department on the design of projects and activities to achieve continuous improvement in environmental performance.**

ATC is committed to open and honest communications with the public, regulators, and landowners. This is demonstrated through ATC's public planning process and the engagement of the public and regulators in the early planning of our projects. The Environmental Communication Procedure describes how environmental communications are developed and the methods for communicating both internally and externally.

*Examples:*

- *ATC has also worked with the Wisconsin Department of Natural Resources to develop a communication commitment that focuses on open and honest discussion and collaboration on project planning, permitting and implementation. We have identified 13 items of concern and have committed to evaluating our employees based on achieving success with these items.*
- *ATC holds public informational and feedback meetings associated with large projects. Environmental Department staff are available at all ATC open houses and public meetings to respond to questions and provide general and project-specific environmental information.*
- *ATC website provides up-to-date information about ATC's environmental commitment, and includes an e-mail which the public can provide feedback to ATC on its environmental performance.*

### **10) Procedures for control of documents and for keeping records related to environmental performance.**

ATC has a records policy, and document control and records procedures that describe how environmental documents and records are controlled, retained and stored.

*Examples:*

- *ATC has developed records retention schedules and specific procedures for the management of all environmental documents and records. When a project is closed, we review the information contained in the environmental portion of the project file and prepare these documents for long-term storage as a corporate record.*
- *Since project information is transferred from permitting to compliance employees after receipt of permits and at the time of construction, we have identified a process that focuses each PM on information in the project file necessary to communicate the project and use this opportunity to ready the permitting files for final corporate storage.*

### **11) Environmental Management System Audits**

ATC Internal Audit and Environmental Departments work together to assess environmental risk, conduct environmental audits and evaluate any findings. The Environmental Self-Audit Procedure describes how audits are defined and conducted within ATC's Environmental Management system.

ATC has conducted a full self audit of Fred and has reported the results of this audit to upper management at ATC through a formal management review. ATC has also developed an annual audit schedule.

*Examples:*

- *ATC Internal Audit reviews corporate risk annually and designs audits to assess compliance within these risky areas. Prior to conducting a compliance audit, the Environmental Department Manager speaks with the Manager of Internal Audit about environmental risks identified in the aspects and impacts, and speaks with the auditors to clarify the audit.*
- *ATC conducted a self audit of Fred in spring of 2006. This audit identified areas for improvement, such as ease of access to Fred documents, more training for internal staff, and the completion of various environmental action plans. A plan for addressing these improvements was prepared and is being completed. The results of the self audit were also reported in the management review conducted July 17, 2006.*

- *A 2007 schedule for self audits of Fred has been developed and these audits will be implemented beginning in January.*

***12)A plan for continually improving environmental performance and provision for senior management review of the plan***

Fred is designed as a continual improvement tool and designed to translate ATC's environmental policy into the day to day actions of our employees and contractors.

The Environmental Leadership Team regularly reviews and assesses environmental management system needs and improvements. Twice annually the environmental leadership team meets with senior and executive management within the company to review the management system and to discuss direction and improvements for the future.

As a result of these meetings, executive management has provided resources and strategic direction into Fred and requested more review and involvement in environmental goal setting and measurement.

*Examples:*

- *A management review was held on July 17, 2006. Environmental staff, Director of Government and Regulatory Affairs, Vice Presidents of Construction and Corporate Strategy attended this review and provided comments on Fred as well as Green Tier.*
  - *The review reported on the EMS audits, aspects and impacts, and environmental goals and resources. The management review team suggested areas for improvement within the EMS.*
  - *The suggestions have been incorporated into the operations of Fred and include items such as a more broad involvement within the company of aspects and impacts review, early and continued involvement of environmental staff in project planning, and coordination of metrics with other functional groups.*
  - *We were also asked to provide an update regarding the benefits and cost associated with ATC's Green Tier participation, and recommendations regarding future participation.*