

American Transmission Company

Green Tier Report, March 12, 2007

Executive Summary

2006 marked ATC's first full year as a Green Tier Company and with it came numerous accomplishments and collaborative efforts which all demonstrate ATC's commitment to superior environmental performance.

By signing up to be a Green Tier Company ATC committed to minimizing waste generation and recycling, building pollution prevention and environmental impact avoidance into our procedures and work practices, minimizing the environmental impacts of our activities, employing construction techniques to protect those environmentally special areas that are unavoidable, using native vegetation around ATC facilities whenever practicable, and taking steps to control or eliminate invasive species on ATC fee-owned land and rights-of-way. As outlined in this ATC Annual Green Tier Report, ATC has taken significant steps toward achieving all of these in 2006. Developing ATC's Environmental Construction Practices, implementing environmental training for all ATC employees and contractors, as well as implementing a joint communications goal with the Wisconsin Department of Natural Resources (Attachment 1) are just some of the examples of the ATC's achievements in 2006.

Fred, ATC's Environmental Management System, also helped us live the Green Tier ethic in 2006. Fred contains information that helps guide and assess our work and performance. Fred's functionality was verified in early 2006 when ATC conducted a self-audit. The audit confirmed that Fred was up and running effectively and that the benefits have been recognized by staff. We worked throughout 2006 to improve areas of Fred that were identified as needing additional work, and will continue to make improvements throughout 2007 to ensure Fred's continued growth and usefulness in achieving our environmental commitment.

Despite all of ATC's proactive actions to minimize the environmental impacts of owning, operating, and maintaining ATC's electrical transmission network, ATC recognizes that there will be some unavoidable environmental impacts. Because of this, and as part of our Green Tier agreement, ATC made its first contribution to the ATC Stewardship Fund managed by the Wisconsin Natural Resources Foundation. ATC also continued its active participation in the Karner Blue Butterfly Habitat Conservation Plan Partnership which is coordinated through the Wisconsin Department of Natural Resources.

Environmental Performance

Not only has ATC made improvements in areas that are regulated by the Department of Natural Resources, but also in areas that are not regulated, and through voluntary restoration and enhancement activities.

A major undertaking for 2006 was the development of ATC's Environmental Construction Practices (ECP). These documents outline ATC's environmental protection standards and minimum requirements for construction work on all projects, whether they require environmental permits or not. Implementing these practices adds continuity to construction work throughout ATC's system and ensures environmental protection. Developing the ECP's was a truly collaborative effort involving many different ATC functional areas, along with seeking comments from ATC's regulators.

Another significant improvement that involves areas regulated by the Department of Natural Resources is ATC's environmental training activities. Before any construction begins on projects, the construction crews receive environmental training to ensure that they are aware of and understand the regulations and permit conditions associated with the project.

Additional improvements that fall under both regulated and non-regulated activities are described in ATC's Environmental Annual Report (Attachment 2). Specifically, these examples include the extensive amount of collaboration and innovative construction techniques required to complete maintenance activities on a transmission line that crosses the Wisconsin River in Sauk and Iowa counties; and protection methods on the Arrowhead-Weston project including invasive species monitoring and removal, wood turtle protection and habitat enhancing restoration, and installation of bird flight diverters in areas where potential for collisions is greatest.

Voluntary improvements throughout 2006 are also described in Attachment 2 including collaborating with WDNR and other partners on the restoration of a heron rookery in Brookfield, and working with the National Wild Turkey Federation and Michigan DNR on a planting project to enhance wildlife habitat. Also in 2006 ATC established the ATC Environmental Stewardship Fund. This fund, as discussed in Attachments 2 and 3, provides grants and funds to support state natural areas, threatened and endangered species, conservation education and community-based conservation. Example projects supported by the fund in 2006 include the construction of a public trail system at the Mequon Nature Preserve, funding of the Besadny Small Grants Program, and direct support given to the DNR's Endangered Resources and State Natural Areas program.

Environmental metrics were established and tracked to establish a baseline and measure the improvements in some of these areas. Attachment 4 quantifies

environmental training provided, environmental incidents, corrective and preventative actions, and waste vs. salvage.

Additional social metrics, although not specifically tracked as part of Fred, focus on ATC's community involvement. In 2006, ATC held numerous meetings throughout the state on various proposed ATC projects. These meetings were intended to inform landowners, local officials, and other interested parties about ATC's plans in their area and to seek input on how we can minimize the impacts of siting and constructing these projects. Environmental groups were invited to participate in these meetings, and for the first time in 2006 meetings were held with a specific environmental focus for one of ATC's major projects. A broad group of environmental stakeholders in the Dane County area were invited to discuss ATC's Rockdale-West Middleton project. Twenty-two individuals representing 16 different organizations participated in at least one of the two meetings held during the summer of 2006. Feedback from these groups was provided to the project team and incorporated into the decision making process.

Another means by which to measure ATC's environmental performance progress is to look at its 2006 Environmental Goals which focused on how ATC performs its work, including internal and external collaboration, improved communications, and training. These goals were developed from the aspects and impacts assessment and are targeted at achieving the six points of our Environmental Policy. A complete list ATC's Environmental Department Goals and the accomplishments associated with each can be found in Attachment 5 of this report. Some of the major accomplishments include the developing and implementing ATC's Environmental Construction Practices, implementing a joint communications goal with the Wisconsin Department of Natural Resources, and continued development of and improvement upon Fred, ATC's Environmental Management System.

Environmentally Innovative Practices

ATC continues to pursue innovation in its operations. We've touched on some these in the above section, and presented these stories in detail in Attachment 2.

On the Arrowhead-Weston project, purple loosestrife is actively being managed by avoiding access through infested areas, removing it from the right-of-way in certain areas, and cleaning equipment and vehicles when necessary. Restoration of the right-of-way with native species and post-construction monitoring are also being implemented. These practices are also being used on other ATC projects, and have been incorporated into ATC's Environmental Construction Practices which will ensure that they are consistently used throughout ATC projects.

Attachment 2 also discusses protection methods for the wood turtle that are being used on the Arrowhead-Weston project. In addition to habitat monitoring

and exclusion fencing, ATC has also worked with DNR and landowners to provide habitat enhancement. ATC's Environmental Construction Practices also include practices that have been developed collaboratively with DNR for avoiding and/or minimizing impacts to this and other threatened or endangered species.

Innovative construction techniques for maintenance activities located near the Wisconsin River, as discussed above and in Attachment 2, included the use of special construction vehicles, timing the construction to take advantage of seasonal opportunities, and collaboration. ATC worked closely with regulators to evaluate a number of different construction methods, obtained feedback from landowners and DNR land managers on the planned access methods, and relied heavily on the experience of the construction crew to plan and implement the work in a manner that would best protect the resources.

EMS Audit

In 2006, ATC performed a self-audit of and self-certified Fred, its EMS. The Executive summary of the self audit is attached. (Attachment 6) The audit results were reviewed in the July Management Review, with support for continued improvement expressed by the executives present.

Self-certification of equivalency was developed to meet the DNR's Green Tier requirements. The self-certification report was submitted to DNR on September 28, 2006.

We worked throughout 2006 to improve areas in Fred which the audit identified as needing additional work, and will continue in 2007 to make improvements to ensure Fred's continued growth and usefulness in achieving environmental commitment.

Economic and other benefits of Green Tier participation

In 2007, we focused on achieving benefits in the areas of communication and training. The benefits of Green Tier participation for ATC are summarized in two areas – Internal and external benefits.

- Internal benefits. Internal communication and training about Green Tier was implemented in several arenas. First, we developed web-based environmental training for all employees. This training included general environmental, wetland and waterway, spills and waste training. Along with DNR, we also presented Green Tier training to all project managers through their Project Management Course. Finally, we trained contractors to ensure understanding of environmental requirements of our projects. As part of implementing our Environmental Construction Practices, we began to develop standardized training on DVD format. Standardized training

provides several benefits such as ensuring training is consistent, allowing the construction contractors to provide the training to all their workers, and saving training time and costs. As a result of this focus on training, our employees and contractors have a better understanding of environmental requirements and our Green Tier commitments, have an increased awareness of environmental features, and are more interested in participating with us to refine our procedures. We have also seen an increased interest in systematic approaches to processes and procedures. We have participated with other departments to jointly prepare procedures based on Fred, ATC's EMS.

- External benefits. In 2006, ATC and DNR's Office of Energy developed a joint goal to improve communication. We agreed to implement thirteen points that we believed would improve communication among our staffs. Both the joint goal and the thirteen points are included as Attachment 1.

The ATC and Office of Energy staffs met two times in 2006 to share information, educate each other, discuss and resolve issues. At each meeting we checked-in on how our joint goal was being implemented. In addition the ATC and DNR Managers talk periodically to address issues as they arise and review goal implementation. The benefits of joint goals and meetings has been seen in improved relationships, communication and the ability to see each other as people and not as the agency or company for which we work. This step is important to being able to solve more complex issues and work toward other, more difficult to achieve goals.

Green Tier improvements

The value of Green Tier participation is reviewed at least once per year by the ATC Executives and is based on the issues ATC had hoped to address through our participation in Green Tier.

To assess the benefits of the program, ATC identified four major areas of business success and detailed anticipated outcomes and benefits realized from Green Tier participation. These included:

- 1) Reduced time and costs associated with permitting through the use of general permits.
- 2) Reduced costs for environmental protection and mitigation.
- 3) Increased construction recycling.
- 4) Increased collaboration between ATC and DNR.

Overall, there has been progress in all four areas to varying degrees. Benefits of participation in the program are tied not only to DNR actions, but also to ATC actions and systems driven by program requirements. As discussed earlier, ATC has completed initial development of Environmental Construction Practices,

