

## **American Transmission Co. Green Tier annual report**

Executive Summary. American Transmission Co. (ATC) is submitting its annual report in two pieces – first, its 2007 Environmental Annual Report and, second, this supplement. Through both we are addressing our progress toward attaining specific activities identified in the Department’s acceptance letter to ATC. For ATC, environmental protection and enhancement represent a corporate value reflected in our projects and is increasingly included in all of our corporate endeavors. This is evidenced by the enhancement of our office recycling programs and increased efforts to improve recycling on our construction projects.

Each year, ATC and DNR agree to complete joint goals. In 2007, neither of the two joint goals was completed. Both DNR and ATC recommitted to completing these goals. We continue to hold joint team meetings for the purpose of improving individual working relationships and better understand our drivers. These meetings have been well received and successful in removing broader issues from project issues and allowed us to work together to improve.

Required Components. Many of the required components are incorporated in ATC’s 2007 Annual Environmental Report. In addition to this report, we are including text describing our project process. This process demonstrates how ATC builds impact avoidance and natural resource protection into its projects. When impacts cannot be avoided, ATC minimizes impacts during construction and maintenance by working closely with contractors to develop construction techniques that protect the areas that are unavoidable. In addition, ATC has developed or is in the process of developing restoration of special areas. These are included in our annual environmental report.

Impact avoidance. Impact avoidance and minimization are integral to the project development and licensing and are considered during planning, route development, agency consultation, application development, project design and project implementation. From the early stages of project development, the potential impacts of system alternatives are considered in the evaluation of and identification of solutions. After a general project has been identified, ATC begins to identify possible routing options focusing on those options that meet the State’s siting priorities and that minimize impact to sensitive features in the project area. This effort continues and is aided by input received from the agencies during the consultation process and from the public and other affected parties during ATC’s public outreach activities. As ATC gathers more information, we use this information to improve our analysis of potential impacts that may occur along each route segment or alternate route to assist in selecting routes that will be identified and presented in our application. Through this process we believe that we are able to identify routes that avoid, where practicable, and minimize impacts. In developing the information contained in construction bid documents, we continue to consider potential impacts and how they can be avoided or minimized as we identify preliminary construction access routes, construction methods, and preliminary pole spotting. The process of considering impacts and identifying means to avoid or minimize them continues through implementation of an approved project. We incorporate additional input from property owners in the final design and work with landowners to identify alternative construction access routes in order to minimize potential environmental impacts

associated with temporary stream crossings, wetland crossings, or other sensitive resources.

Construction protection. ATC works with its construction contractors to identify and utilize appropriate construction techniques and Best Management Practices (BMPs) to minimize potential impacts. Standard construction techniques in wetlands and around waterways and waterway crossing locations, protected species protocols, archaeological resource protection methods, and erosion control techniques are utilized as applicable.

To accommodate transmission line construction, woody, tall-growing vegetation and grasses are typically cleared for the full width of the right-of-way (ROW). However, exceptions to full right-of-way clearing may include areas where protected species habitat exists and where ATC has made commitments to protect natural resources, such as rivers and streams. The level of clearing in those areas will depend on the location of the habitat to be protected and the location of trees and/or shrubs with respect to the wire zone and border zone of the right-of-way. In all instances, vegetation that could interfere with the safe construction, operation or maintenance of the transmission facilities will be removed.

Construction activities typically do not take place on the stream banks or close to the water. Exceptions to this are cutting or trimming trees that exceed the maximum height limit and placement of Temporary Clear Span Bridges (TCSBs). To the extent practicable, temporary stream crossings are avoided by utilizing existing bridges or culverted crossings, or by accessing riparian areas from nearby roads on either side of a stream. Where necessary and authorized by the DNR, TCSBs will be placed to avoid in-stream disturbance. Each TCSB will consist of construction mats placed to span the stream bank. Preparation for setting the bridge may include minor blading and excavation confined to the minimum area necessary for safe installation. Removal of trees, shrubs, and other shoreline vegetation is kept to a minimum. Proper erosion control measures are implemented and maintained during and after the utilization of the temporary crossing.

When wetland access is required, disturbance to wetlands is reduced by implementing several specialized construction techniques. These include timing wetland construction during dry or frozen conditions, ice roads and the use of low ground pressure tires, specialized track vehicles, and/or matting materials to help minimize soil and vegetation disturbances. If necessary, pre-fabricated construction mats are used to spread the concentrated axle loads from construction equipment over a much larger surface area thereby reducing the bearing pressure on fragile soils. The goal of these alternative construction access methods is to prevent or minimize the temporary construction-related ground disturbances in order to reduce the potential for creating conditions that would be conducive to introducing non-native plants or disrupting desirable plant communities.

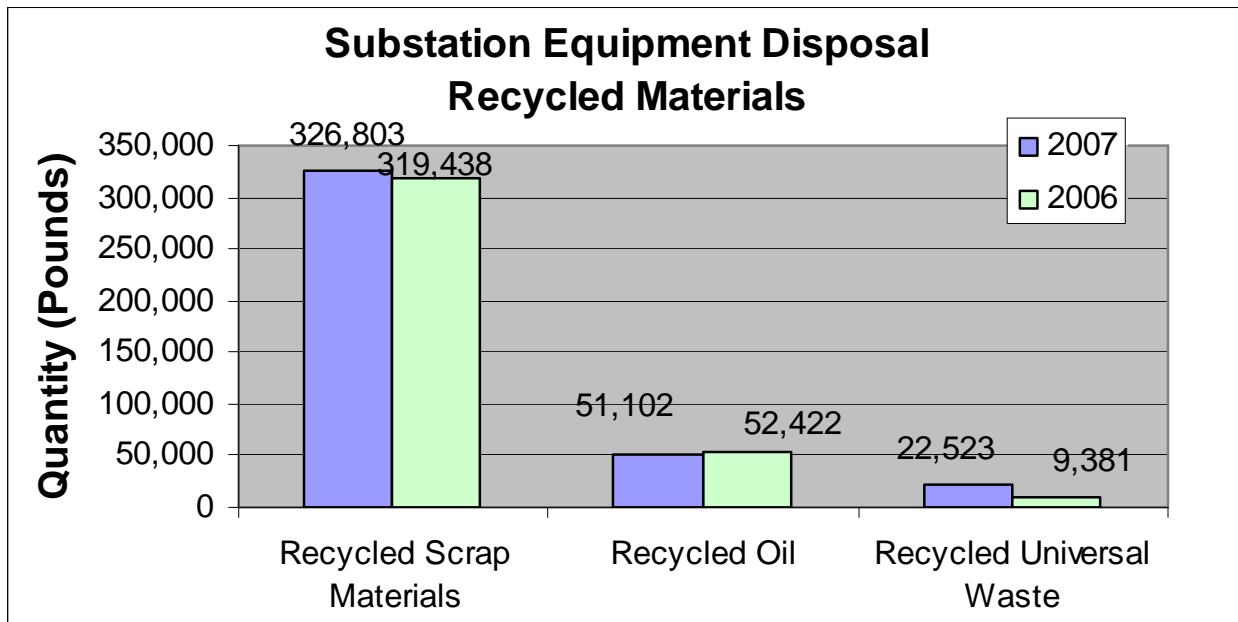
For agricultural areas, ATC meets with landowners to identify concerns and sensitivities including the presence of drain tiles, specialty crops, farm disease mitigation measures in use, and construction access routes. We use this information to identify areas where specialized construction methodologies are required. The construction practices employed will conform to BMP to minimize environmental impact (e.g., soil erosion). ATC strives to access structure locations using the route

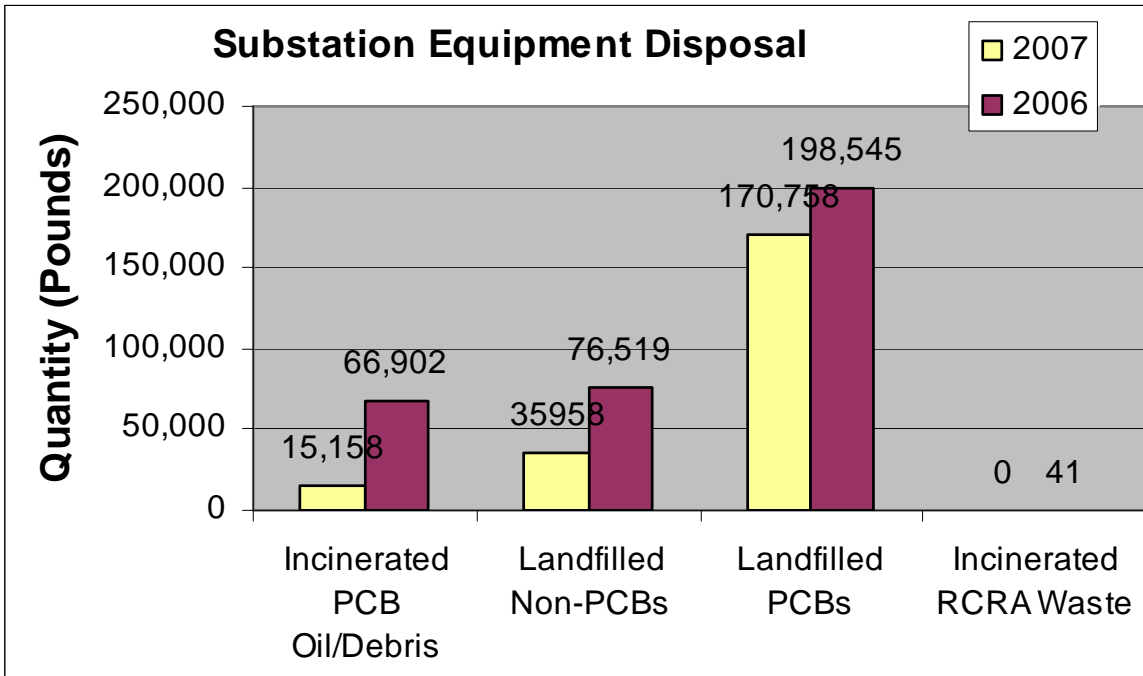
or method that will minimize impacts to agricultural land to the extent practicable (e.g., utilizing field edges).

In addition, ATC uses Environmental Monitors on most projects to provide training to contractors on ATC environmental requirements, permit and order conditions, and general environmental and property owner awareness issues. The Environmental Monitors will mark and stake sensitive environmental features, monitor activities to ensure compliance with project requirements including permit requirements, order points, and agricultural protection practices, and work with the contractors to minimize adverse impacts. The Environmental Monitors will also identify and report any non-conformances and implement steps to correct the situation. As a Green Tier participant, ATC has committed to self reporting any non-conformance with DNR permits and regulations to the agency when we become aware of those situations.

Metrics. Based on our internal metrics, we track and report on construction recycling, and training. These are reported to the company executives at least twice per year at management reviews. The statistics included in this report are based on those reported at the 2007 end of year review. Finally, ATC is in the process of conducting a third party audit of Fred. Our current schedule is to complete the audit and schedule resolution of audit findings by October, 2008, and submit to the Department. The planned audit will be a functional equivalency audit of our system.

### Recycling and Waste Management

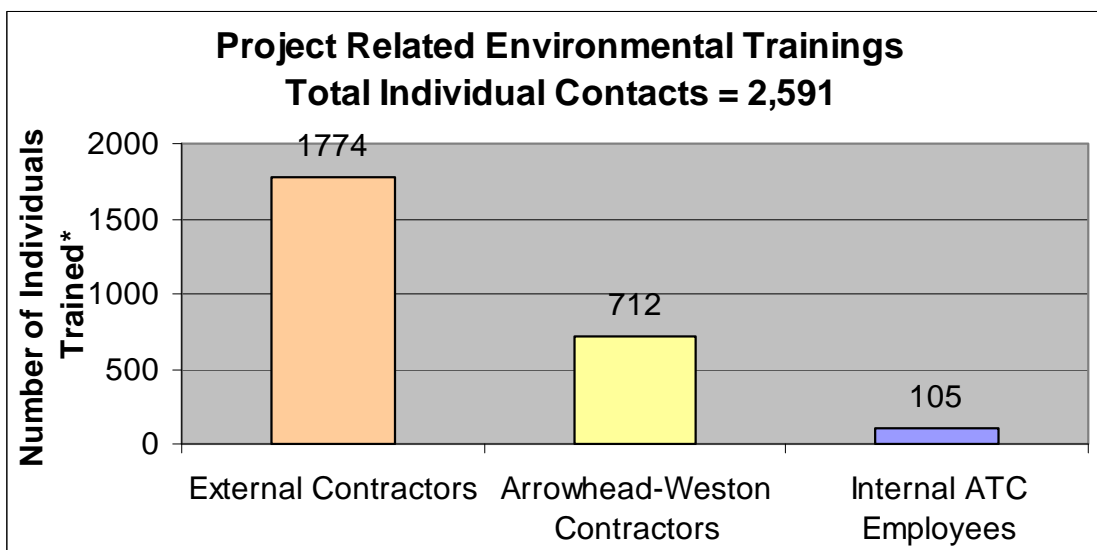




The data on the two graphs above representing substation equipment disposal is based on services provided by our primary disposal contractor and does not include waste or salvage managed by LDCs, alliance contractors or other contractors. We are currently working on developing ways to better capture this data.

### Training

ATC's environmental department has developed a number of different environmental training programs that are utilized throughout the company.



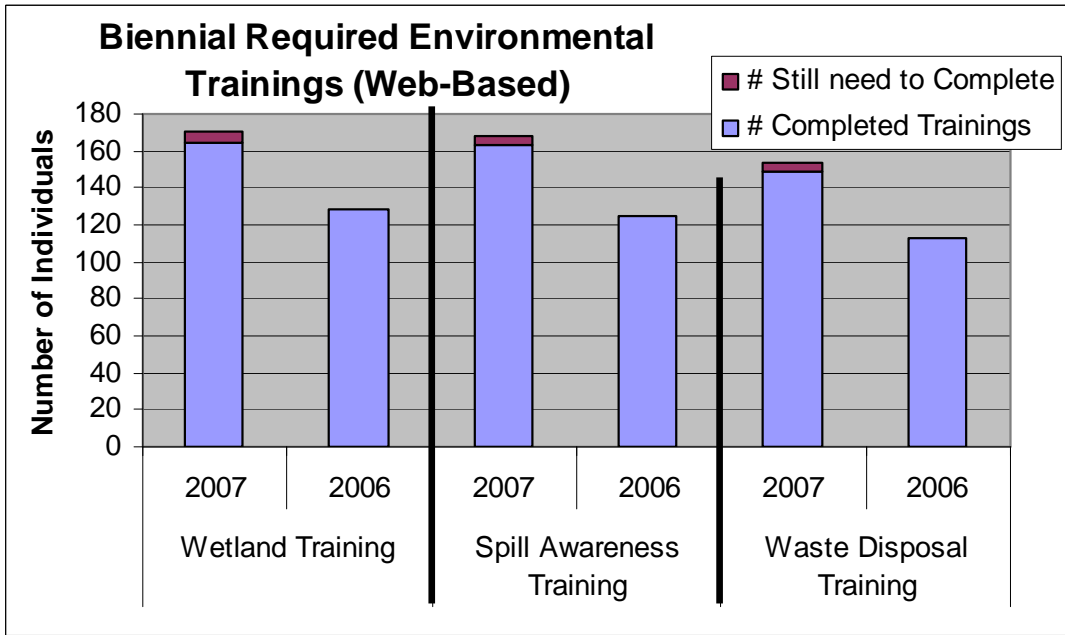
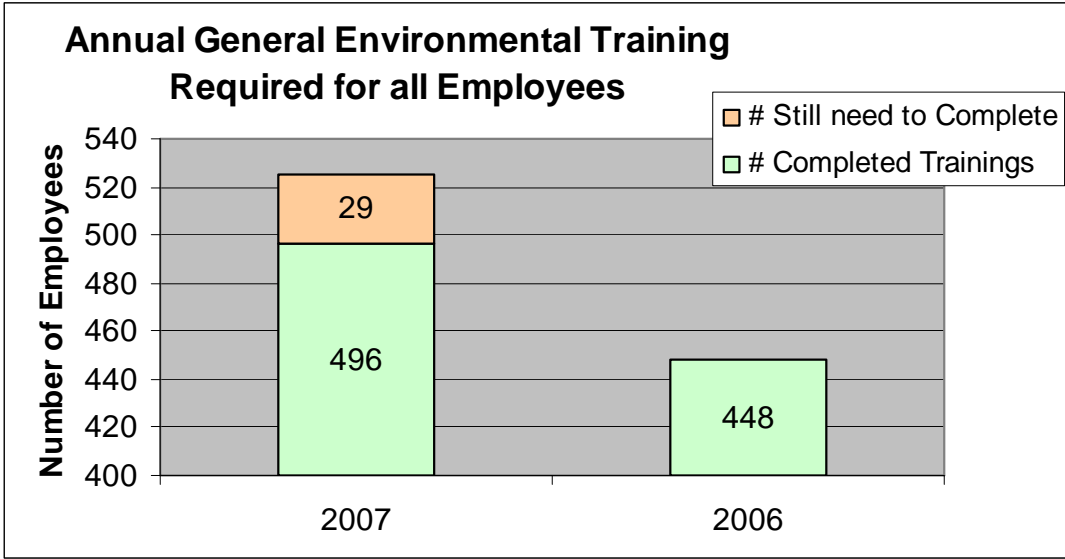
\* If an individual participated in more than one training, each training has been counted for this metric.

Project related environmental trainings are training sessions which are conducted and tailored for specific work or projects that are moving into the construction phase. All contractors working on an ATC project in the field are required to have received environmental training. Project related trainings not only cover ATC's standard environmental protection and performance requirements, but also address any project specific concerns, requirements, or permit conditions.

Below is a comprehensive list of the different contractors who participated in training in 2007.

Aldridge Electric	Fortress Fence	Madison Gas & Electric	Scott's Enterprises
Alliant Energy	Fox Fence Inc.	MJ Electric	SeaCor Painting
Asplundh Tree Experts	Great Lakes Line Builders	Musson Bros.	Stevenson Crane
ATE	Hooper	NCI	STS
BACCO Construction	Invent	NETI	Sun Prairie W&L
Barbarosa Blasting	J Peterson Sons	Northern Environmental	SX Blasting
BSD	Kenney	Northland Constructors	TBTS
Border States	Land Services Co.	Natural Resource Consult.	Tetra Tech
CJ Drilling	LHB Survey	Natural Resource Technologies	Trachte Inc.
Cloverland	Longfellow Drilling	PAR	TriState Drilling
Coleman Eng	Lucas Excavation	Permar Security	TSD
Dawes	LW Survey	Pole Maintenance Co.	Thunder Bay Tree Service
Earth Tech	Montgomery Assoc. Resource Specilaists	Power Engineers	UPPCO
Edison Sault		Riverview Construction	We-Energies
Eilertson Inc.	Melvin Concrete	Rock Energy	WPS
Enbridge	Merjent	S.W. Drews	WTS
Excellence Electric	MES	Schemer Forestry Inc.	

In addition to project specific trainings, ATC has developed a number of general environmental trainings. ATC requires that all employees annually complete a web-based General Environmental training. In addition, specific employees are also required to take additional, more detailed environmental trainings based on their job responsibilities. These more detailed trainings included environmental subject matter training regarding wetlands, spill prevention, and waste management. Project managers, project engineers, construction coordinators, maintenance support, and the real estate groups are some of the groups who are required to take these additional trainings.



In addition to the trainings described above, ATC's Environmental Department also conducted Plugged-In sessions during the first part of 2007 on ATC's Environmental Construction Practices and also gave more detailed Construction Practices training to a number of employees. The Plugged-In sessions were attended by 120 people company wide. The more detailed Construction Practices training was attended by all 89 people for whom it was determined to be a requirement.

Stakeholder involvement. In 2007, ATC conducted extensive public outreach on projects including:

- Venus – Metonga
- Paddock – Rockdale
- Rockdale – West Middleton
- Sun Valley Transmission – Distribution Interconnection
- Nelson – Dewey
- Sauk City
- Dodge County
- Cranberry – Conover – Plains
- Gardner Park – Central Wisconsin – Morgan – Werner West

These projects represent various stages or project implementation, from introduction through pre-construction activities. The public's involvement in these projects included participation at nearly 20 different open house meetings, attended by over 1,000 people. In addition, we have solicited and received numerous public comments and met with individuals and groups ranging from landowners to local government officials and civic organizations. We continue to involve the public in all of our projects by providing information regularly in the form of letters, mailings and project websites.

DNR relationship. Participation in the Green Tier program has provided direct benefit related to the disposition of lead-based paint, through an agreement signed by ATC and DNR. Through this agreement, ATC and DNR have defined process and reporting requirements when ATC identifies lead-painted lattice structures with planned removal and soil disturbance on its system. The agreement resulted in an internal procedure that is included in Fred, ATC's environmental management system.

Joint staff meetings are held between ATC environmental and the DNR Office of Energy staffs twice per year. These meetings have proved effective methods of discussing process issues, understanding each other's requirements, improving communication, and improving individual working relationships.

Generally, we believe that the relationship between ATC and the Department are good and improving. One concern is that acceptance of and involvement in Green Tier has not permeated the Department uniformly. While we are able to work closely with many divisions within the Department, change from command and control to performance-based regulation is slow to permeate the Department. Perhaps this can become a focus of the Green Tier advisors.

Conclusion. ATC has found that, based on its Green Tier status, the relationships it has developed within the Department has improved. We have also found relationships with environmental organizations have improved and benefited through the NRF's ATC Environmental Stewardship Fund. Implementing Fred, ATC's environmental management system, has grounded our environmental operation corporately and has helped build continual improvement into our processes. We have noticed a change in how we think about environmental improvement and this has started to spread to the remainder of the company. Environmental protection and enhancement are a corporate value that we are learning to live.