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September 16, 2009

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Ms. Sandra J. Paske
Secretary to the Commission
Public Service Commission of Wisconsin
P.O. Box 7854
Madison, WI 53707-7854

**Rockdale-West Middleton 345 kV Transmission Line
Environmental Impact Fee Report
Docket No. 137-CE-147**

Dear Ms. Paske:

In accordance with Order Point 14 of the Commission's *Certificate and Order*, mailed June 26, 2009, as modified by Robert Norcross' letter of August 9, 2009, in the above-referenced docket, American Transmission Company LLC and ATC Management (collectively, "ATC") is submitting an updated list of municipalities eligible for the annual high-voltage transmission impact fee and the one-time environmental impact fee (collectively, "EIF"), along with the percentage of the route that passes through each of these municipalities. Additionally, ATC is submitting its determination of the cost of the 345 kV transmission facilities, based on the Commission-approved gross project cost. The cost of the 345 kV facilities, is the basis, as required by *Wis. Stat. § 196.491(3)(gm)*, for the EIF to be paid by ATC to the Wisconsin Department of Administration (DOA).

For the purposes of determining the EIF associated with a project, *Wis. Stat. §16.969(1)(b)* defines a high-voltage transmission line as "a high-voltage transmission line, as defined in s. 196.491(1)(f), that is designed for operation at a nominal voltage of 345 kilovolts or more." The definition in *Wis. Stat. § 196.491(1)(f)* focuses on the function and design of the physical facilities. *Wis. Stat. §16.969(2)(a)* and (b) further define the amount of the annual and one-time fees to be invoiced by and paid to the DOA based on a percentage of the cost of the high-voltage transmission line

as defined by *Wis. Stat.* §16.969(1)(b). ATC believes the cost basis for determining the EIF as defined by *Wis. Stat.* §16.969(1)(b) is \$170,984,082. The attachment to this letter provides the gross project costs as approved by the Commission, costs ATC believes should be excluded as they do not satisfy the statutory definition, and the final 345 kV cost basis for the EIF.

The gross project costs as approved by the Commission include a number of costs that while attributed to the overall project are not a cost of the 345 kV facilities and should be excluded in determining the basis for the EIF. These include the estimated capital cost of:

1. Lower voltage transmission line and substation facilities (both 138 kV and 69 kV) that will be modified as a result of the project.
2. Electric distribution facilities owned by the local distribution companies that will need to be modified or relocated as a result of the approved ATC project.
3. Environmental Impact Fees. The cost estimate provided by ATC and approved by Commission included an estimate of the fees that will be assessed and paid by ATC prior to placing the facilities in service.

Additionally, ATC believes that estimated expense costs approved by the Commission are also not a cost of the 345 kV facilities and should be excluded:

1. Operation and maintenance expense.
2. Pre-Certification expense.

ATC reviewed the EIF cost basis approved by the PSCW for prior ATC 345 kV projects and believes that the exclusions are consistent with past determinations with the possible exception of Pre-certification expenses which have been included, included-in-part or excluded on different projects. For a number of reasons ATC believes that pre-Certification expense should not be included in the EIF cost basis for the transmission line as ordered by the Commission.

Pre-Certification includes all ATC expenses associated with obtaining an Order from the Commission. These expenses include many activities that do not contribute to the actual cost of the physical facilities nor create or directly contribute to an impact by the approved facilities on the environment. Frequently, these costs may be imposed by others or for which ATC is otherwise obligated. These include:

1. Preliminary evaluation, siting and design of lower voltage transmission and distribution facilities that are impacted by the project and which

are excluded from the fee basis as they do not meet the definition as defined by the DOA.

2. ATC investigation and evaluation of project and route alternatives that are rejected, not otherwise pursued, or presented for Commission consideration.
3. Evaluation of design alternatives (such an underground construction) that are not pursued further.
4. Printing, reproduction, mailing and distribution of application copies to various parties and affected entities.
5. Intervener compensation costs billed by the PSCW.
6. PSCW review of the CPCN application.

The Commission approved gross project cost estimate included \$25,479,486 for pre-Certification costs. Based on actual costs to-date, total pre-Certification should be revised to \$12.9 million.

If you have any questions concerning this information, please contact me at (608) 877-3665 (email: gzimmerman@atcllc.com).

Very truly yours,

/s/ Glenn Zimmerman

Glenn Zimmerman
Regulatory Project Manager
ATC Management Inc.

cc: Scot Cullen - PSC
Dan Sage - PSC
Don Neumeyer – PSC

Revised Environmental Impact Fees Allocated to Units of Government all in Dane County								
Definition for allocated total fee payments with the county & municipality				governmental unit/total miles/2 (1/2 to county, 1/2 to local units)		#miles in local government unit/total miles	0.05 x 345 kV project cost x one-time dist factor	0.003 x 345 kV project cost x annual dist. Factor
				Project Cost:				
Units of Government within Dane County	\$170,984,082	345 kV Route Length (Miles)	Percent of Total Project Miles	One-Time Fee Distribution Factor	Annual Fee Distribution Factor	One-Time Environmental Fee	Annual Fee Calculated (Un-prorated for months remaining in initial year)	Annual Fee Calculated (Un-prorated for months remaining in initial year) - 3 year total
City of Madison		11.06942042	34.47657090%	0.172383	0.34476571	\$1,473,736	\$176,848	\$530,545
City of Middleton		1.93100865	6.01427665%	0.030071	0.06014277	\$257,086	\$30,850	\$92,551
Town of Middleton		1.72328388	5.36730169%	0.026837	0.05367302	\$229,431	\$27,532	\$82,595
City of Monona		2.43360764	7.57966028%	0.037898	0.07579660	\$324,000	\$38,880	\$116,640
Town of Blooming Grove		1.90693149	5.93928644%	0.029696	0.05939286	\$253,881	\$30,466	\$91,397
Town of Madison		1.73265124	5.39647705%	0.026982	0.05396477	\$230,678	\$27,681	\$83,044
Town of Christiana		4.71850010	14.69613558%	0.073481	0.14696136	\$628,201	\$75,384	\$226,152
Town of Cottage Grove		0.01890171	0.05887085%	0.000294	0.00058871	\$2,516	\$302	\$906
Town of Pleasant Springs		6.57277551	20.47142057%	0.102357	0.20471421	\$875,072	\$105,009	\$315,026
Dane County		32.10708064	100.00000000%	0.500000		\$4,274,602		
Total 345 kV Miles		32.10708064						
Total One-Time EIF			\$8,549,204					
Total Annual EIF			\$512,952 \$1,538,857					

American Transmission Company LLC

Rockdale - West Middleton Transmission Line Project

Docket 137-CE-147

	Project Cost Categories	Rockdale Beltline Route (Segments O,H,B,A)		Excluded from EIF Basis	345KV EIF Basis
Rockdale to West Middleton New 345 kV Transmission Line	Material				
	Structures	\$23,123,257			
	Wire	\$5,905,312			
	Other Material	\$13,741,469			
	Labor				
	Site	\$0			
	Below Grade	\$15,287,590			
	Above Grade	\$12,632,145			
	Other				
	Real Estate	\$32,544,978			
	Environmental	\$1,096,538			
	Technical Support Services	\$17,773,067			
	Wetland Accessibility	\$5,144,977			
	Removal	\$211,662			
	Other Misc	\$10,186,114			
	Total Cost	\$137,647,108			\$137,647,108
345/138 kV Double Circuit Transmission Line	Material				
	Structures	\$4,963			
	Wire	\$20,529			
	Other Material	\$6,658			
	Labor				
	Site	\$0			
	Below Grade	\$26,147			
	Above Grade	\$8,886			
	Other	\$6,342			
	Total Cost	\$73,524			\$73,524
138kV Transmission Line Work	Material				
	Structures	\$1,719,654			
	Wire	\$257,059			
	Other Material	\$447,024			
	Labor				
	Below Grade	\$402,680			
	Above Grade	\$598,092			
	Other	\$1,074,645			
	Total Cost	\$4,499,154		(\$4,499,154)	
69kV Transmission Line Work	Material				
	Structures	\$13,939			
	Wire	\$22,810			
	Other Material	\$8,819			
	Labor				
	Below Grade	\$0			
	Above Grade	\$31,663			
	Other	\$20,159			
	Total Cost	\$97,389		(\$97,389)	
	UG Distribution Costs (Material and Labor)	\$493,093		(\$493,093)	
	UG 69 kV Costs (Material and Labor)	\$1,989,681		(\$1,989,681)	
	Transmission Line Projects Total	\$144,799,950	Transmission Line Projects Total	(\$7,079,317)	\$137,720,633
Cardinal 345kV Substation	Material	\$14,665,146			
	Construction	\$7,225,447			
	Other	\$8,251,857			
	Total Cost	\$30,142,450			\$30,142,450
West Middleton 138kv Substation	Material	\$705,019			
	Construction	\$477,126			
	Other	\$1,003,082			
	Total Cost	\$2,185,227		(\$2,185,227)	
West Towne 138kv Substation	Material	\$6,811			
	Construction	\$27,763			
	Other	\$161,565			
	Total Cost	\$196,139		(\$196,139)	
North Madison 138kV Substation	Material	\$1,169			
	Construction	\$13,639			
	Other	\$89,690			
	Total Cost	\$104,498		(\$104,498)	
Pleasant View 138kV Substation	Material	\$38,686			
	Construction	\$41,455			
	Other	\$182,145			
	Total Cost	\$262,286		(\$262,286)	
Rockdale 345kv Substation	Material	\$387,670			
	Construction	\$400,847			
	Other	\$832,482			
	Total Cost	\$1,620,999			\$1,620,999
	Cardinal Land/Land Rights	\$1,500,000			\$1,500,000
	Substation Projects Subtotal	\$36,011,599	Substation Projects Subtotal	(\$2,748,150)	\$33,263,449
Other Project Costs			Updated EIF figures to 8th decimal points		
	Precertification	\$25,479,486		(\$25,479,486)	
	One Time 5% Environmental Impact Fee	\$9,100,194	\$8,549,204.10	(\$9,100,194)	
	Annual 0.3% Impact Fee (During Construction Only)	\$1,638,595	\$1,538,856.74	(\$1,638,595)	
	Operation and Maintenance (Estimated & Identified During Construction Only)	\$2,000,000		(\$2,000,000)	
	Total Project Gross Cost	\$219,029,824	\$218,379,095.96	(\$48,045,742.80)	\$170,984,082
		\$9,100,194	5%		\$8,549,204
		\$1,638,595	0.30%		\$1,538,857
		\$10,738,789			\$10,088,061

Municipality Percentages - Entire Route			
MUNICIPALITY	Feet	Miles	Percentage
City of Madison	58446.53980686	11.06942042	34.47657090
City of Monona	12849.44832463	2.43360764	7.57966028
City of Middleton	10195.72569540	1.93100865	6.01427665
Town of Christiana	24913.68053291	4.71850010	14.69613558
Town of Blooming Grove	10068.59824332	1.90693149	5.93928644
Town of Middleton	9098.93889629	1.72328388	5.36730169
Town of Madison	9148.39852857	1.73265124	5.39647705
Town of Cottage Grove	99.80103871	0.01890171	0.05887085
Town of Pleasant Springs	34704.25468650	6.57277551	20.47142057
TOTAL	169525.38575319	32.10708064	100.00000000

Municipality Percentages - By Route Segment

Segment A			
MUNICIPALITY	Feet	Miles	Percentage
Town of Christiana	23807.98274220	4.50908764	100.00000
TOTAL	23807.98274220	4.50908764	100.00000

Segment B			
MUNICIPALITY	Feet	Miles	Percentage
City of Madison	4263.41103208	0.80746421	8.70242
Town of Blooming Grove	8817.94427412	1.67006520	17.99907
Town of Christiana	1105.69779071	0.20941246	2.25694
Town of Cottage Grove	99.80103871	0.01890171	0.20371
Town of Pleasant Springs	34704.25468650	6.57277551	70.83786
TOTAL	48991.10882212	9.27861910	100.00000

Segment H			
MUNICIPALITY	Feet	Miles	Percentage
City of Madison	24080.47237564	4.56069553	50.87892
City of Monona	12849.44832463	2.43360764	27.14922
Town of Blooming Grove	1250.65396920	0.23686628	2.64247
Town of Madison	9148.39852857	1.73265124	19.32938
TOTAL	47328.97319804	8.96382068	100.00000

Segment O			
MUNICIPALITY	Feet	Miles	Percentage
City of Madison	30102.65639914	5.70126068	60.93986
City of Middleton	10195.72569540	1.93100865	20.64024
Town of Middleton	9098.93889629	1.72328388	18.41990
TOTAL	49397.32099083	9.35555322	100.00000

TOTAL LENGTH 169525.38575319 32.10708064

Calculations were completed using Minor Civil Division (MCD) information from both Dane County and the City of Madison, current to July 2009. Both entities reviewed the MCD and agreed upon its accuracy for the purposes of ATC's EIF calculations.