PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of American Transmission Company LLC to Rebuild an Existing 138 kV Transmission Line from the Paris Substation, through the Towns of Paris and Somers, to the Albers Substation in the City of Kenosha, all in Kenosha County, Wisconsin	137-CE-174

CERTIFICATE AND ORDER

This is the Certificate of Authority and Order in the application of American Transmission Company LLC (ATC) for authority, under Wis. Stat. § 196.49 and Wis. Admin. Code ch. § PSC 112, to rebuild an existing 138 kilovolt (kV) transmission line, also known as Line 3124, from the Paris Substation, through the towns of Paris and Somers, to the Albers Substation in the city of Kenosha, all in Kenosha County, Wisconsin. (PSC REF#: 199496.) The estimated total cost of the proposed project is $11,526,500.

The application is GRANTED subject to conditions described herein.

Introduction

On February 18, 2014, the Commission received an application from ATC, as an electric public utility, pursuant to Wis. Stat. § 196.49 and Wis. Admin. Code chs. PSC 4 and PSC 112. The application seeks authority to rebuild approximately 12.5 miles of the existing 138 kV, single-circuit transmission line between its Paris and Albers Substations (Line 3124), located in Kenosha County, Wisconsin, at an estimated total cost of $11,526,500.

The Commission issued a Notice of Investigation on March 17, 2014. (PSC REF#: 200560.) No person requested a hearing in this investigation and no public hearing was held.

ATC did not hold public information meetings in the project area, but sent letters in 2011 and 2014 to all landowners within 300 feet of the line describing plans to rebuild the existing line.

Findings of Fact

1. ATC is a public utility engaged in rendering electric transmission service in the state of Wisconsin, pursuant to Wis. Stat. §§ 196.01(5)(a) and 196.485(1)(ge).

2. ATC's proposed project consists of rebuilding the existing Paris-Albers 138 kV single-circuit transmission line at an estimated total cost of $11,526,500. This cost exceeds the minimum costs subject to Commission review under Wis. Admin. Code § PSC 112.05.

3. The facilities approved by this Certificate and Order are necessary to provide adequate and reliable service to present and future electric customers.

4. Completion and operation of this project at the estimated cost will not substantially impair the efficiency of ATC's service and will not provide facilities unreasonably in excess of probable future requirements.

5. When this project is placed in operation, the addition to ATC's cost of service associated with the project will be proportionate to the increase in value or available quantity of ATC's service.

6. ATC's project meets the exemption requirements of Wis. Stat. § 196.491(4)(c)1m.

7. The facilities approved by this Certificate and Order will not have a material adverse impact on competition in the relevant wholesale electric service market.

8. Energy conservation, renewable resources, or other energy priorities listed in Wis. Stat. §§ 1.12 and 196.025 and their combinations would not be a cost-effective alternative to this project.

9. All related construction activity takes place within the area of an existing electric transmission line right-of-way (ROW).

10. This project is unlikely to have a significant impact on the human environment as defined by Wis. Stat. § 1.11, and, therefore, the preparation of an environmental impact statement (EIS) is not necessary.

11. The reconstruction of the existing facilities to satisfy the reasonable needs of the public for an adequate supply of electrical energy is necessary and appropriate.

12. The general public interest and public convenience and necessity require completion of the project.

Conclusions of Law

1. The Commission has jurisdiction under Wis. Stats. §§ 1.11, 1.12, 190.02, 196.025, 196.395, 196.40, and 196.49, and Wis. Admin. Code chs. PSC 4 and 112, to issue a certificate and order authorizing ATC, as an electric public utility, to rebuild an existing 138 kV, single-circuit transmission line between its Paris and Albers Substations, in Kenosha County, Wisconsin, at an estimated total reconstruction cost of $11,526,500.

2. The estimated gross cost of this project exceeds the minimum threshold of utility projects requiring Commission review and approval under Wis. Stat § 196.49 (5g) and Wis. Admin. Code § PSC 112.05.

3. The Commission has authority under Wis. Stat. § 15.02(4) to delegate to the Administrator of the Division of Gas and Energy those functions vested by law as enumerated above. The Commission has delegated the authority to issue a Certificate of Authority and Order in this docket to the administrator of the Gas and Energy Division.

4. The Commission may impose any term, condition, or requirement necessary to protect the public interest pursuant to Wis. Stat §§ 196.02, 196.395 and 196.49.

Opinion

Project Need and Proposed Facilities

The existing 138 kV, single-circuit transmission line between the Paris and Albers Substations in Kenosha County was originally constructed in 1947.

ATC's power system studies for Kenosha County and the surrounding area indicate that the Paris-Albers 138 kV single-circuit transmission line needs to be upgraded and its capacity increased to provide adequate service to present and projected area loads under various line overload and outage contingencies. The thermal capacity of the line will be increased by use of larger conductors. The voltage will remain at 138 kV. The 100-foot ROW will remain in its existing location.

In addition to the importance of this facility to the overall adequacy of ATC's transmission system in Kenosha and Racine Counties and the surrounding areas, the line is an important outlet for the Paris generating plant. WEPCO's distribution substations in Kenosha and Racine Counties are also interconnected to this transmission line.

The existing 12.5-mile-long, 67-year-old Paris-Albers 138 kV transmission line is in relatively poor physical condition, due to age and deterioration. Fifteen wood poles on this line were braced with wood stub poles in 1999 due to their deteriorated condition. In addition, several wood poles have been reinforced or replaced by new poles due to weakened hardware in recent years.

To correct the deficiencies of the existing facility and to increase and improve the adequacy and reliability of transmission service to customers in this area, ATC proposes to rebuild the line.

The proposed project consists of reconstructing the existing Paris-Albers 138 kV single-circuit transmission line over a distance of approximately 12.5 miles, using essentially the same ROW corridor as the existing line. The project will replace most of the existing wood H-frame structures with new wood H-frame structures and replace the existing conductors with larger conductors to increase the line capacity. The substations will be modified to accommodate the larger conductors. ATC will also replace one of the shield wires with 24-fiber optical ground wire to support its protective relaying and communication needs.

There are no other economically feasible alternatives to the proposed reconstruction that would address the immediate needs to correct the safety issues due to age and deterioration, increase transmission capacity, and improve the reliability of ATC's transmission system in this area.

Because additional transmission capacity, improved safety, and improved reliability are the primary reasons for the reconstruction of the Paris-Albers transmission line, it is unlikely that renewable resources or other forms of generation would be a cost-effective alternative. No special circumstances exist that would lead a decision-maker to conclude that additional conservation activities, renewable resources, or any other energy priorities listed in Wis. Stat. §§ 1.12 and 196.025 would be a reasonable alternative to this project.

The total estimated cost of the proposed project is $11,526,500, which includes $6,692,500 for transmission line construction, $695,500 for modification of the substations, and

$750,000 for licensing and engineering related expenses. The removal of existing poles and conductors is estimated to cost $3,388,500. ATC proposes to finance this project with cash generated from current operations and by issuance and sale of securities, if required. Construction is scheduled to begin in September 2014, and is expected to be completed by March 2015.

The proposed construction and operation of the proposed facilities at the estimated cost will not impair the efficiency of the applicant's service, will not provide facilities unreasonably in excess of probable future requirements and, when placed in operation, will not add to the cost of service without proportionately increasing the value or available quantity thereof. Accordingly, the general public interest and public convenience and necessity require completion of this project.

Environmental Review

The Commission reviewed the project for environmental impacts. This is a Type III action under Wis. Admin. Code § PSC 4.10(3). No unusual circumstances suggesting the likelihood of significant environmental consequences have come to the Commission's attention. Neither an EIS under Wis. Stat. § 1.11 nor an environmental assessment is required.

A total of 91.1 acres of agricultural land lie within the existing transmission line ROW. The farmland potentially affected along the route is primarily used to grow corn and soybeans. Pasture and hayfields also occur to a lesser extent. There are no farms along the route that are known to utilize organic management practices or are certified organic. Approximately 0.1 acre of ROW land is apple orchard. Apple trees directly under the transmission line wires will be relocated or cut down. No induced voltage issues have been identified or are anticipated. Drain

tiles are likely to be present under the ROW in some areas with wet soils. Prior to construction, ATC will work with the landowners to place structures such that impacts to drain tiles are minimized to the extent practicable. During construction, matting may be used to more evenly distribute the weight of heavy equipment and/or low ground impact construction equipment may be used. Post-construction, ATC will work with the landowners to repair any damaged drain tiles to pre-construction conditions.

Because the route is along an existing ROW, and farming is allowed in the easement, impacts to existing farming practices should be moderate. Potential construction-related impacts on agriculture will generally be short term in nature, and would primarily consist of crop losses, soil mixing, and/or soil compaction along equipment access routes and around structure installation sites. Agricultural producers will be compensated by ATC for crop and other damage arising from construction activity, consistent with the terms of the ROW easements. ATC will coordinate with each agricultural landowner regarding farm operation (*e.g.* drainage tiles), locations of farm animals and crops, current farm biological security practices, landowner concerns, and use of access routes.

Tall-growing vegetation and brush within the ROW will be cleared to facilitate the safe and efficient construction, operation, and maintenance of the transmission line. Re-growth of tall-growing species on the transmission line ROW will not be allowed. Where permission of the landowner has been obtained, stumps of tall-growing species will be treated with herbicide to discourage re-growth.

Because no new ROW will be required for the project, the only impacted wooded areas are those that have encroached on the existing ROW, approximately 0.8 acre. Two of these areas

are dominated by oaks. Clearing or trimming of oak trees between April and October could possibly spread oak wilt to oaks present in the surrounding woodlands. Clearing trees outside of this season is highly recommended. If this is not possible, immediate treatment of oak stumps or wounds with tree wound paint could prevent the spread of oak wilt disease.

Approximately 4.8 acres of wetland lie within the existing ROW. The transmission line crosses 22 separate wetlands. A majority of the wetlands are wet meadows and farmed wetlands with low plant diversity due to domination by invasive species or agricultural crops. Four structures located in wetlands would be replaced. Because of the large number of wetlands, some wetland disturbance would be unavoidable. Impacts would include soil disturbance and spoils directly around the structures. Construction in wetlands also can cause soil compaction and introduce invasive plants such as purple loosestrife into non-infested areas. The use of heavy equipment in wetlands will be minimized to the extent practicable. Disturbance to wetlands will be minimized by one or more of the following standard construction techniques: completing wetland construction during dry or frozen conditions; the use of equipment with low ground pressure tires or tracks; use of construction mats and/or the use of ice roads. Site conditions at the time of construction will dictate the type of construction access technique. Wetland access routes will not require permanent fill. ATC will acquire the necessary wetlands permits from the Wisconsin Department of Natural Resources (DNR).

The line also crosses seven waterways and six other water features. ATC anticipates that two temporary clear span bridges will be needed, which would require permits from DNR. None of the other crossings would require equipment access. Two existing structures in close proximity to a stream will be replaced, possibly resulting in the temporary deposition of material

in the waterway. None of these waterways was identified as a trout stream or exceptional resource water.

ATC consulted the DNR Natural Heritage Inventory and identified nine threatened or endangered resources and six special concern resources that occur or may occur within 2.0 miles of the project area. Due in part to a lack of suitable habitat in the agricultural and urban landscapes containing the ROW, DNR is only requesting that ATC implement appropriate erosion and runoff prevention measures to avoid indirectly impacting rare aquatic species. Additionally, construction is scheduled outside of the nesting period of a rare migratory bird with potential habitat in the project area, preventing potential impacts to that species.

ATC's archeological consultant reviewed the existing transmission line corridor under Wis. Stat. § 44.40 for potential adverse impact to historic properties listed with the Wisconsin Historical Society. Eight sites were identified in the project area. These sites were field surveyed in an attempt to locate any existing artifacts. Although "non-diagnostic lithic flakes" were found at two of the sites, no additional materials were found surrounding those sites, despite intensive searching. Consequently, neither of the two sites is considered eligible for the National Register of Historic Places and no further work is needed at any of the eight sites. The construction of the proposed project is not expected to affect any historic properties under Wis. Stat. § 44.40.

Numerous homes are located in close proximity to the existing transmission line in Kenosha. Four homes are within 25 feet of the centerline; five are 26 to 50 feet from the centerline; and 16 homes and 107 apartment units are 51 to 100 feet from the centerline. A total

of 457 dwelling units are within 300 feet of the centerline. These numbers would not change due to the rebuild.

Regarding the substation work, because all proposed construction activity will occur within existing substation boundaries, there will be no impact on wetlands, waterways, forest, agricultural land, or archaeological resources from substation work. Furthermore, the existing substation facilities are not located within any 100-year floodplains. There is no significant flood risk to the project per Executive Order 73.

Certificate

ATC, as an electric transmission utility, is authorized to rebuild the existing 138 kV single-circuit transmission line between its Paris and Albers Substations, in Kenosha County, Wisconsin, at an estimated total cost of $11,526,500, as its application describes.

Order

1. The facilities authorized to be reconstructed are those described in ATC's application. ATC shall construct the transmission line on the existing ROW and associated required upgrades at existing substations, as described in its application and in this Order.

2. This authorization is for the specific project as described in the application, at the stated project cost. Should the scope, design, or location of the project change significantly, or if it is discovered or identified that the project cost, including *force majeure* costs, may exceed the estimated cost by more than 10 percent, ATC shall promptly notify the Commission as soon as it becomes aware of the possible change or cost increase.

3. ATC shall report to the Commission the date the facilities are placed in service.

4. ATC shall submit to the Commission the final actual costs segregated by major accounts within one year after the in service date. For those accounts or categories where actual costs deviate significantly from those authorized, the final cost report shall itemize and explain the reasons for such deviations.

5. If ATC does not begin on-site physical construction within one year of the effective date of this Certificate and Order, the certificate authorizing the approved project shall become void unless ATC a) files a written request for an extension of time with the Commission before the date on which the certificate becomes void, and b) is granted an extension by the Commission.

6. If ATC has not begun on-site physical construction and has not filed a written request for an extension before the date the certificate becomes void, ATC shall inform the Commission of those facts in writing within 20 working days after the date on which the certificate becomes void.

7. ATC shall reasonably restore and grade, to its original condition or better, any property adversely affected by construction or operation of the new facilities.

8. When constructing the approved project, ATC shall implement all construction and environmental mitigation methods included in the project application and those recommended by DNR staff during the project review process, unless specifically modified by a subsequent DNR permit.

9. Construction shall be conducted so as to avoid or minimize impacts to wetlands.

10. ATC shall clear or trim oak trees outside of the April to October growing season. If this is not possible, oak stumps or wounds shall be immediately treated with tree wound paint to prevent the spread of oak wilt disease.

11. All necessary state and local permits must be secured prior to beginning construction.

12. After construction, ATC shall submit geographic information systems files compatible with state government standards containing the location of each transmission structure, the ROW centerline, and the location of the substation. ATC shall provide this information to the Commission in a quarterly report, when it becomes available.

13. This Certificate and Order is effective one day after the date of service.

14. Jurisdiction is retained.

Dated at Madison, Wisconsin, May 19, 2014.

For the Commission:

Robert Norcross
Administrator
Gas and Energy Division

RDN:MMM:jlt:DL:00921668

See attached Notice of Rights

Docket 137-CE-174

PUBLIC SERVICE COMMISSION OF WISCONSIN
610 North Whitney Way
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NOTICE OF RIGHTS FOR REHEARING OR JUDICIAL REVIEW, THE TIMES ALLOWED FOR EACH, AND THE IDENTIFICATION OF THE PARTY TO BE NAMED AS RESPONDENT

The following notice is served on you as part of the Commission's written decision. This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

PETITION FOR REHEARING

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of the date of service of this decision, as provided in Wis. Stat. § 227.49. The date of service is shown on the first page. If there is no date on the first page, the date of service is shown immediately above the signature line. The petition for rehearing must be filed with the Public Service Commission of Wisconsin and served on the parties. An appeal of this decision may also be taken directly to circuit court through the filing of a petition for judicial review. It is not necessary to first petition for rehearing.

PETITION FOR JUDICIAL REVIEW

A person aggrieved by this decision has a right to petition for judicial review as provided in Wis. Stat. § 227.53. In a contested case, the petition must be filed in circuit court and served upon the Public Service Commission of Wisconsin within 30 days of the date of service of this decision if there has been no petition for rehearing. If a timely petition for rehearing has been filed, the petition for judicial review must be filed within 30 days of the date of service of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition of the petition for rehearing by operation of law pursuant to Wis. Stat. § 227.49(5), whichever is sooner. If an *untimely* petition for rehearing is filed, the 30-day period to petition for judicial review commences the date the Commission serves its original decision.[1] The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

If this decision is an order denying rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not permitted.

Revised: March 27, 2013

[1] *See State v. Currier*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.