

ATC 2010 Economic Projects

Project Identification

The three projects that ATC is proposing to be evaluated for the year 2010 for economic evaluation under Attachment FF-ATCLLC are:

1. La Crosse – Madison 345 kV Project and Alternatives
 - Dubuque – Spring Green – Cardinal 345 kV Project
 - La Crosse – Spring Green – Cardinal 345 kV Project
 - Combination
 - La Crosse – North Madison – Cardinal 345 kV Project
 - Dubuque – Spring Green – Cardinal 345 kV Project
 - Genoa – North Monroe 765 kV Project
 - Western Wisconsin Low Voltage Project
2. Bain – Zion Energy Center 345 kV Project
3. An HVDC transmission line across Lake Michigan

Project Justification

ATC has determined that these projects are appropriate elements of its Transmission System to be evaluated as “economic projects” in accordance with Attachment FF-ATCLLC Section F.

La Crosse – Madison 345 kV Project

The continued evaluation of the La Crosse – Madison project is appropriate because in ATC’s view, the project’s evaluation in 2009 indicated that there is economic benefit to be derived should this project be constructed. However, the project analysis is not yet complete as this analysis was performed for only one model year - 2020. Furthermore, ATC believes that evaluating this proposed project using the a 2026 model year may potentially demonstrate additional economic benefits. It should also be noted, that in addition to economic benefits, ATC has determined that the La Crosse – Madison line provides other benefits, including reliability-related benefits that have been identified.

As part of its evaluation of the La Crosse – Madison project, in addition to certain economic benefits, ATC has also determined that there are additional reliability and other benefits that can be achieved if the La Crosse – Madison project were to be constructed. The proposal is to continue studying this line and its alternatives using a 2026 model year.

Bain – Zion Energy Center 345 kV Project

ATC studies this project in its economic analysis in 2008 and 2009. In 2009, MISO identified Pleasant Prairie- Zion 345 kV line for the “MISO 2014 Top Congested Flowgates Study”, and studied economic benefits of Bain-Zion Energy Center 345 kV, as

a solution, to relieve this constraint. This continues to be a constraint in the MISO market, and ATC intends to continue economic and reliability benefit evaluation of this project to address congestion issues in southeast WI.

Lake Michigan HVDC

This project is being considered in various regional renewable studies, to move renewable power from west to east, like MISO RGOS and SMARTransmission Studies. Therefore, ATC would like to take a closer look the benefits of this project.

Model Year and Metrics

ATC will use a 2026 model year and stakeholder approved futures to perform the continuing economic analysis of the La Crosse – Madison, Bain – Zion and Lake Michigan HVDC projects. ATC has developed an ATC Customer Benefit metric building off the work done in the Paddock-Rockdale project and will present the details of the metric at the May 10th stakeholder meeting. In addition to the ATC Customer Benefit metric for economic benefits, the company has developed a Renewable Resource Investment Benefit metric to estimate the benefits associated with being able to move more wind power into the state from higher capacity factor wind resources to the west. This will also be discussed at the May 10th meeting and ATC will be requesting feedback at that time.

Assumptions and “Futures”

The assumptions to be included in the evaluation and analysis of the La Crosse – Madison, Bain – Zion, and Lake Michigan HVDC proposed economic projects are set forth in the attached. For the purpose of the analyses, ATC will also utilize certain “futures” or scenarios which, based on ATC’s assessment, provide an appropriate analytical framework of potential future events or circumstances that provide an appropriate assessment of the economic benefits that can be derived from the proposed projects. Other benefits, including reliability-related benefits will also be considered by ATC in conducting these evaluations. We are requesting feedback on the assumptions and will discuss them at a May 10th stakeholder meeting.

Planning Next Steps:

April 30, 2010 – Stakeholder comments are due recommending the three stakeholder specified projects to be studied and model year 2026 assumptions.

May 10, 2010 – Stakeholder meeting – agenda to be posted. Agenda includes review of assumptions

May 15, 2010 – ATC posts the selected projects and final assumptions and begins analysis.