

Town of Stark Committee on Energy Planning & Information - Public Meeting with representatives from American Transmission Company - La Farge, WI March 24, 2011

Transcript of the meeting in-progress. ATC responds to questions shown in the black boxes below which were given to ATC one week in advance of the meeting.

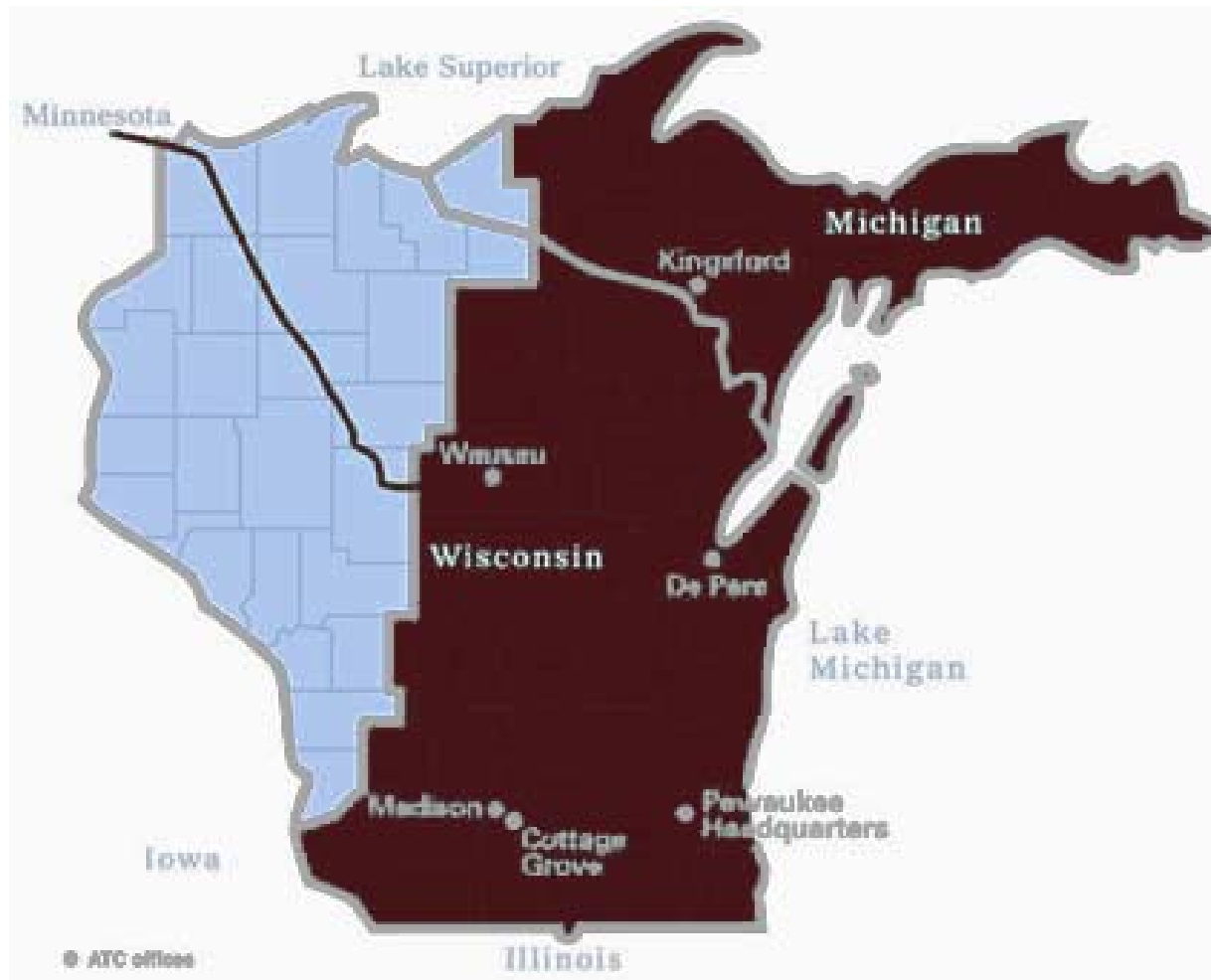
Section I. Cost - Rate & Fee Payer Impacts

A. How much expense would be added to residential and commercial electric bills in Wisconsin if the Badger Coulee line is built? (please state in charges without offsetting cost factors). Can this information become available during the “Applicant’s Public Information Meetings” stage ?

Lee Meyerhofer, ATC Local Relations Representative: “First I’d like to thank Brad and Rob for inviting us,.. Just one point on expectation here tonight: We have no new information from what was available last Fall at the Open Houses so if you are here expecting something more than that, there won’t be that. So I apologize for that if that is what your purpose is here tonight, but I did say we would come here so people can ask questions and understand more about the project.

When it comes to this very precise question its couple-fold. First and foremost, on your electric bill in Wisconsin the average roughly if you have a \$100 electric bill per month, about 10% of that on an average, it would change up and down some depending on who your local distribution company is—that would be transmission related... This particular project being that you live in this region.. is not I our service territory. This particular project, the way that we are proposing it, ATC is paying for it and all of our costs are socialized over our service territory. Our service territory. Everything in black on the this side (right) is ATC's service territory as well as this





as well as we own a line going up to Northern Minnesota (Arrowhead-Weston). So at this point, as we are proposing it, that is who would pay for the line. If you are not in this (black) area, you wouldn't pay for the project so to speak. However, there are advantages to the blue side. If somebody (company?) on the blue side would use our transmission line to transport energy somehow, they would pay a toll to move that energy across that grid, across that piece. There would be a tolling fee. So really, there's no dollar and cent, two and no two cents of any, if there's not, there's no way to calculate that, so,... that's the answer.

Bryon Walker (Town Committee): I notice you have a line that goes from the big back area up toward the Duluth Superior area,... is that part of your service footprint?

Lee Meyerhofer (ATC): We own that line. The real reason for it was to import energy from up there. At the time of that project there was a lot of energy available specifically during times that the State of Wisconsin had shortages, so they would be able to import that energy and it has served that purpose to import energy into the State of Wisconsin. We don't own that blue service area, just the line that goes through there.

Bryon Walker (Town Committee): Ok, so do people along that line have an increase in their base rate?

Lee Meyerhofer (ATC): No, they are not part of our area. The only way they would is there's a substation in the middle there. If someone is taking energy off of the line at the Stone Lake substation-- If they are a local distribution (utility) company, they would pay a tolling fee to move that electricity and that is it. Just like they would if they were getting it from anywhere—they'd pay a tolling fee, you (a utility company) always has to pay a tolling fee.

Chuck Pasker (Town Committee): In your most recent strategic plan on the Badger Coulee line said that MISO (customers in 13 midwestern states) would pay either 80% or 100% of this transmission (line). Part of MISO is Dairyland Power, so how can you say we would not pay for this (line)?

Lee Meyerhofer (ATC): Its like how I said it. The way we are proposing it. ATC is proposing to pay for all of it. We do not control what MISO does. MISO is looking at this as a Multi-Value-Project an MVP. We do not control what decision they make. Now recognize there's never been an MVP project ever, in the history of MISO. They are looking at this project. So there's a possibility that they would do that. If that was the case, it would be different. We can't go one something that they are considering. Our proposal at this point is not that MISO is paying for a portion—that its an MVP project—because there is nothing that says it is. There is no decision made that way, uh, there's nothing like that, so...

Chuck Pasker (Town Committee): Again, your... ATC's strategic plan said that MISO would pay for it.

Lee Meyerhofer (ATC): Well, the only answer I have is, we don't make that decision. There has been no decision by MISO.

Rob Danielson (Town Committee): In the last Strategic Energy Assessment thing from the PSC, it overlays the costs. And it includes the arguments about how costs would be. They spell out the MVP component that you are talking about. To the best of my knowledge, the Badger-Coulee and the Dubuque-Spring Green -Madison Lines have always been designated at multi-value-projects.

Lee Meyerhofer (ATC): Your're saying the same thing. I guess what I'm saying is, there is no decision there has never been a decision.

Rob Danielson (Town Committee): Okay, the history and the momentum is strongly suggesting that-- from all of the literature including the stuff that Chuck is citing. How would the costs of the Badger-Coulee line be paid for if it was designated a MISO MVP project?

Lee Meyerhofer (ATC): We've never had that exact—so I don't have all that information off the top of my head so I guess I'm not going to answer it because I don't have the, .. if I would do it I would be partially correct and partially wrong very possibly so I'm not going to answer it because I don't know in exact detail. So I'd rather not answer it because I don't have a definitive answer. We never had that scenario happen to us yet.

Joan Kent (Town Committee): In simple terms, Are you saying that if Dairyland, through MISO, takes energy off the (Badger-Coulee) line, will we pay for it as rate payers? Is that what you are saying?



Lee Meyerhofer (ATC): Right now, any time DPC (Dairyland Power Cooperative) imports energy into their system, which they do, or they export (energy), they have to pay a tolling fee to get that energy in on any transmission line. So if they used this line (the proposed Badger Coulee), then they would pay that tolling fee. Now remember, the reason they're going to use this line is they found access to cheaper electricity. And the cost to buy the energy and transport is

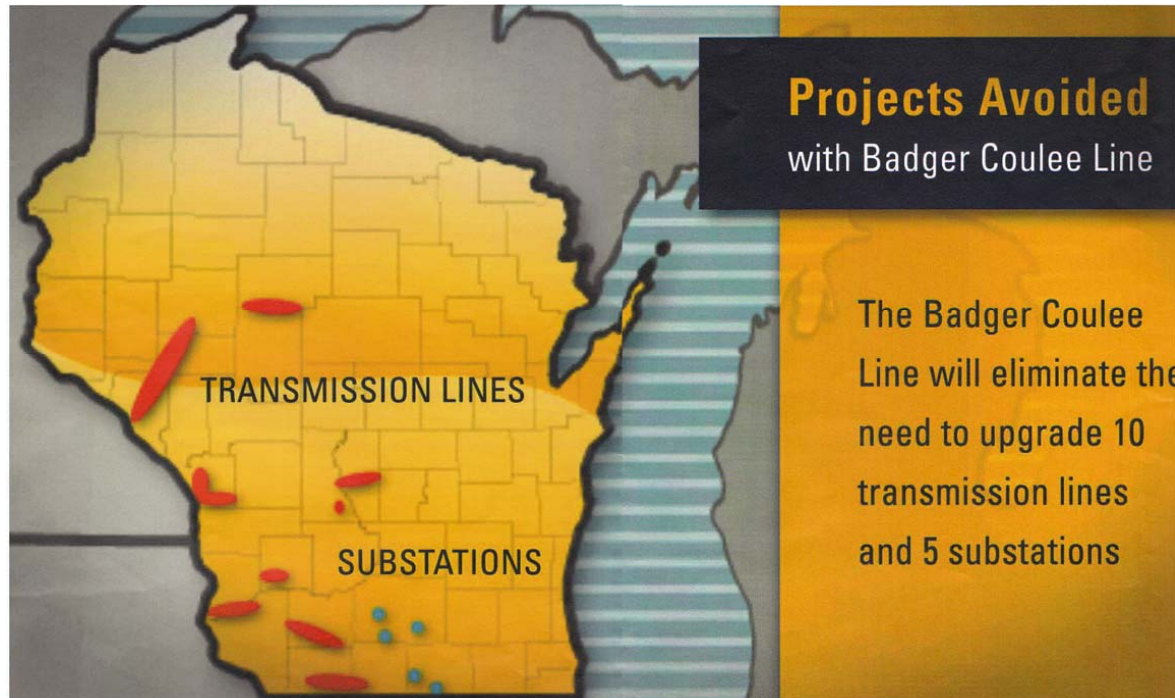
presumably cheaper than going somewhere else, somewhere else. Or else they wouldn't be moving it (buying it) across this line.

Joan Kent (Town Committee): Whether its cheaper or more expensive, we need to know how much that is going to cost us. And we need to know it before it happens; we can't wait until afterwards to find that out.

Lee Meyerhofer (ATC): That's not something I think anybody is going to be able to answer that because you (they? Dairlyand?) wouldn't know where they're going to buying their energy five, twenty years from now.

B. Where are the locations of the 140 million dollar lower voltage upgrades that ATC proposes would become unnecessary if the Badger Coulee line was to be built?

Lee Meyerhofer (ATC): This map here (see below), the red are transmission lines, 69 kV, 161kV, 138kV.



The blue are substations. So there are 5 substation locations and 10 transmission locations. These are the locations. The exact point-to-point isn't public information at this point but this is all computer modeling and there are points. Some of this information at this point is classified. It will become public. When we file our application this will become public. And there is ample time to have influence [*break in primary video recording here. The following transcription from another recording*] and to question all of this stuff, once you [ATC] files the application. That is where it really, where everything really happens because it's the agency [the Public Service Commission of Wisconsin] is the one that makes the decision on need and benefit and whether or not we should build it and all that. We don't make that decision and the end of the day, they do.

So these are the locations here so you can physically,.. When they (ATC's engineers) do the modeling, these show up as the areas.

Rob Danielson (Town Committee): Will that information be available during the public information phase?

Lee Meyerhofer (ATC): I don't know the answer for positive. [return to primary video] I tried getting a hold of one of the the department actually that is responsible for that information and they guy was out on vacation, traveling I should say and the other guy was at a funeral when I was trying to get a hold of him. I don't know when that information ultimately can become public. I mean there is some stuff -there's some data that can't be for market advantages and all of these

other things, there are certain things that can't become public at certain times and I don't know. I tried asking couple other people and no one knew for sure, and because I don't know when it can become public, I don't have the answer at this point.

Rob Danielson (Town Committee): ... <snip> Wouldn't the [upgrades] have to be in the study area for the money to offset?

Lee Meyerhofer (ATC): No. Not at all. First of all, the need and benefits and the economics of it, with or without the \$140 million, is still a very, very, very viable project at this stage of the game. So the \$140 million just happens to be a by-product. If you invest the \$140 million (and not build Badger Coulee), you don't realize the whole mess of a lot of other advantages like being able to import the energy and bring in the energy that is needed in Wisconsin and be able to move the energy around as you need to. So all you do is make immediate fixes similar to a band aid, I guess. So that \$140 million would be spent on band-aids, but they would be clearly be band-aids.

Rob Danielson (Town Committee): So you are saying that in satisfying the need for this project, the Badger-Coulee line, that transmission problems outside of the study area could actually be part of your proposal?

Lee Meyerhofer (ATC): The study area, all it does is connect two end-points... to connect one point of the grid to another point of the grid. So the study area is only created for that reason.

Rob Danielson (Town Committee): Is that yes or no? By "yes," you can look at projects outside of the study area and say that the Badger-Coulee transmission line fixes those problems?

Lee Meyerhofer (ATC): Our responsibility as a company, we are commissioned by the Wisconsin Legislature and State statutes to make sure that electrons move freely through transmission system from where its generated to where the demand is at any given time and do it in an efficient manner. That is our responsibility. So we're not just looking at the study area. It just so happens to be an area that is shaped to connect two end points of project. That is all its there for. There is nothing else.

Samantha Laskowski (Town Committee): Is that yes or no? By "yes," you can look at projects outside of the study area and say that the Badger-Coulee transmission line fixes those problems? It appears that the majority of those red lines and dots on the map that is going around are not in your service area.



Overlay of the two maps showing that three of the trouble lines described to have off-setting costs and part of a fourth line are outside of ATC's service area.

Lee Meyerhofer (ATC): Like I said, this project is not being driven at all by those red lines or blue dots. That is not what is driving this project, that is a side benefit. The only reason we are talking about it is because it happens to be a question of the committee. If none of those benefits were here, we'd still be proposing this project. Those benefits are merely a side benefit. But when you plug it in to the computer modeling, it says not only is the planning you are doing for this project saving you all this other money, its also giving you this side benefits—these problems that are coming now, are going to go away for you, for the system, for the state. So it's merely a side benefit. It has nothing to do with why this project is being proposed.

Brad Steinmetz (Moderator and Town Chairman): Our next question deals with something that has actually come up at the Wisconsin Public Service Commission expressing concerns that the introduction of wholesale electricity into Wisconsin in 2005 has not yet produced lower electricity costs in Wisconsin. So thinking of that, Is ATC preparing additions to its proposal for the Badger Coulee project that would assure electric customers that the “savings” benefit from wholesale electricity pricing would be actual and not “potential?” I take it that the PSC thought the savings would be actual and they haven’t happened.

C. Is ATC preparing additions to its proposal for the Badger Coulee project that would assure electric customers that the “savings” benefit from wholesale electricity pricing would be actual and not “potential?”

Lee Meyerhofer (ATC): On page two of that exact same document, it says, however, you still need transmission to efficiently move the electrons, so while they say what you said, page two of the very same document says, you still need transmission to move the energy we do have, efficiently. The other one, is, can you guarantee it? I don’t know if you can guarantee it.



If you do projections for any business plan or anything, I don't think there's every a guarantee it. It's a projection and a projection is based on certain assumptions. You use computer modeling, you use assumptions that are recognized by the industry, by the Commission and that is all you can go on. And the economy— if we go into a depression or if everything closes down, I suspect things would change. We're in a different economy today than we were 4 years ago, as we were 8 years ago as we were 20 years ago. So I don't think any of us could predict that. If any us of could we'd be in a different chair tomorrow.

Rob Danielson (Town Committee): You can see that there's a confidence thing there because you're saying in your literature that this is a possibility and right now people are very money conscious and so I think there is a problem there with confidence.

Lee Meyerhofer (ATC): What we are using is generally accepted assumptions,.. in the industry and the PSC. That's all you can base anything on. You've got to base it on reasonable assumptions that really believe are possible. You know the economy isn't expected to be in the tank forever. Some eternal pessimists probably think that, some eternal optimists

probably think the opposite and somewhere in between is probably where we're headed. And all we can do is take the best data we have and move with that data. And all the data we have it tells us this project is needed.

Joan Kent (Town Committee): If you can't guarantee us that the wholesale pricing is going to go down. Won't that be a deterrent to the PSC approving this project?

Lee Meyerhofer (ATC): I'm not the PSC. Our Company is not the PSC, and if they have that concern,.. What we do is we use. We are going to use the assumptions that are generally accepted to make projections and plan for the future. If the PSC thinks our projections are wrong, I suspect they won't approve this project. Because they are the agency that has to review all of this data at the end of the day when we file it, they are the ones that have to review everything, they are the ones who have to take the responsibility to make a decision to either approve this based on need and benefit to the greater good to the State of Wisconsin or otherwise. That is their responsibility. So if all of our data proves to be,.. well it was good today and its not good when the make their decision, and they say its not good, we'll live with whatever decision they make. We will live with that decision. They are agency that is responsible to make that decision. Our modeling and our expertise says we believe that there's plenty of data to support moving this project forward.

Brad Steinmetz (Moderator and Town Chairman): That said, there is concern on the part of the PSC regarding these projects. There's no doubt about it. And if you've seen their latest statement about it, there are two pages, and they say we thought these things would be happening by now and they are not and why aren't they happening and all transmission line companies are going to have to address that.



And they do say on the second page, just as you say that we do need this grid, the PSC said this, this grid is needed but the PSC is saying why are these things happening yet? And so they are concerned with the project and some of the concerns that have not come to fruition.

D. Could electric customers in the Study Area or State be required to pay for regional transmission construction projects such as those described in the Regional Generation Outlet Studies (whether designated as “multi-value” or not)?

Brad Steinmetz (Moderator and Town Chairman): [Reads above question] I assume we are talking about future costs here?

Lee Meyerhofer (ATC): Yes. That's a general, it goes back to early, the first discussion that we had is that, if there's an MVP project, we (ATC) belong the MISO so if there's an MVP project that is declared an MVP project and it goes through and one is actually dedicated that way, yeah, everyone (rate payers) that belong to the MISO (13 midwestern states) will pay their share. So I guess that would be the answer.

Brad Steinmetz (Moderator and Town Chairman): How many people in here are customers of Vernon Electric?



Show of majority of hands raised as customers of Vernon Electric.

How many of you are customers of Dairyland Power? (a few hands are raised)

Rob Danielson (Town Committee): Everyone that raised their hand.

Brad Steinmetz (Moderator and Town Chairman): Yes. How many from La Farge Utility? Yes. A number of us. These are questions that we need to ask Vernon Electric, Dairyland and La Farge Electric. I stopped and talk to Wayne Carpenter of La Farge Utility this morning. He's the manager of the La Farge Utility and he doesn't have a lot of information on it, mainly because we're at the stage we're at, .. but Wayne said we need this power grid and he cited the fiasco on the open market that precipitated this back in, was it 97 when the , the prices went out of sight?

Lee Meyerhofer (ATC): I think 98.

Brad Steinmetz (Moderator and Town Chairman): He (Wayne) brought that up. And being a small utility, which is always at the top end of getting power anyway, that La Farge is very susceptible to that type of thing. WE all have these things locally as well as to ATC in regards costs and that type of thing.

Bob Goonin (Town Committee): I'm just wondering if the project was designated as Multi Value and the cost was going to be spread across the MISO region have you run numbers to determine or estimate what the cost would be to the rate payers in the MISO region?

Lee Meyerhofer (ATC): All we know is the project without the Multi Value is, .. it shows that we should move forward on an economic basis, OK? As well as a need and reliability basis OK? So if its MVP, the costs go down significantly and it gets shared to multiple states. So it makes the project so much more financially viable, significantly more for the rate payers in the State of Wisconsin—significantly more financially viable.

Jon Callaway (ATC): And I think its worth for the benefit of the people who have heard MISO mentioned 20 times and wonder, "What's MISO? What is that?" MISO stands for the Midwest Independent System Operators and to borrow Brad's Wisconsin Badger analogy, it's a territory that is sort of like the "BIG 10," its includes states like Minnesota,



Map of MISO

Wisconsin, Illinois and Indiana. It's a regional, energy operator. It's an over-arching system that basically connects the areas in their service territory and they make judgments and decisions about energy use and transportation, movement and so forth in that area. This idea of an MVP project has never been utilized before. It's something brand new. The notion is that it can be shown that a particular project is so beneficial that it extends broader than just one little region, that they'll actually share that cost through rate payers throughout the whole region.



Jon Calaway

So on the day that MISO approves their first MVP project, if they ever do, and that is speculative because it hasn't happened yet, you can guess a couple of things. Number one, if you're in the (study) area or not, if you're in the MISO service territory or not, and everyone in the room should raise their hand because we all are, we may all end-up paying for some very fractional incremental portion of a transmission project outside of your even home state. That's at least within the realm of possibilities for people to understand that that's is how that would work. Hasn't happened yet.

The question that you ask, which I don't know if it got specifically answered yet is, Have we done that? (estimate cost to the rate payers in the MISO region) No we haven't. Its just not information that at this point that would be available. The presumption is that that is what MISO is doing, that is they're looking at this (the Badger Coulee Line) and they saying do we want to rate this and everything (cough obscures word, "properly?") not, and its actually probably a question we ought to pose to MISO about how do they go about making a determination? Is an MVP project warranted in a given case. Its just not something we have the data compiled to, ..

Lee Meyerhofer (ATC): There's got to be data to prove that its Multi-Value. You don't just make a Multi-Value Project just to make it a Multi-Value project to disperse the cost of a larger group of people, its got to give value to those that are paying.

Rob Danielson (Town Committee): In the same Public Service Commission study that we talked about (SEA 2016) around the section, I don't have the page number, pertaining to the costs of the regional grid expansion. There is cited a 510 million dollar transmission project that occurred in Michigan that the PSC regretted that the State, because of some slip-ups, utility payers, us, here in Wisconsin would be paying for. That seems to be a model for the entire Midwest grid expansion, that Minnesota, North Dakota, everywhere, we end up paying for it. If this is not,.. If this (Badger Coulee) is the first one (Multi-Value project) that you are referring to, I'm curious, just a question that you guys can look into. What kind of a project was that in Michigan is we still somehow ended-up paying for it?

Lee Meyerhofer (ATC): I'm not familiar with the project you are referring to.

Joan Kent (Town Committee): In simple terms again: If Dairyland does not take any energy through MISO, will we still have to pay for this project?

Lee Meyerhofer (ATC): The way that it is proposed at this moment, the way ATC is proposing this project, the answer would be no, because you do not live in our service territory.

Brad Steinmetz (Stark Town Chairman): But I will say that its almost a given that Dairyland will be partaking of the MISO grid. I talked to people at Dairyland about that and, people, for example who work at the Genoa power plant are very skeptical about it because they can see that if they go in on the MISO plan, that it could mean that that plant could shut down, because its inefficient and its coal, coal-fueled, all of that type of thing because power would be moved cheaper than they could produce it at that particular plant. But given that, they are almost positive that they are going to be part of that process.

E. How can an investment in a very expensive, high-capacity transmission system be more cost-effective at meeting modest demand and reliability goals than spending the money on efficiency & control measures that lower overall use ?

Brad Steinmetz (Stark Town Chairman) (reads above) And I would like to ask, because I've been, ..

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End of transcription to date

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Bellow is a partial transcript regarding Question B3: Adding renewable power into a transmission line is beneficial to the environment only if there's a net reduction in harmful emissions from the burning of fossil fuels. As the Badger-Coulee line would acquire its power from the CapX2020 line, how would the "quality" of the mix of renewable and non-renewable electricity at Holmen be assessed and regulated?

Byron Walker (Town Committee): counter ~1:05:00: You've got to understand that we are asking you questions because your public relations materials have told us that this is a green project and you are going to be importing green energy into Wisconsin and that is why we are asking these questions.

Brad Steinmetz (Stark Town Chairman) counter: ~01:11:20: John, I'd like to ask, and you bring up a legitimate point, with some of these questions we ask, you say we are asking the wrong people, whom should we be asking these questions to?

Jon Callway (ATC): I would think the Public Service Commission is, is, is,.. the first place. And I think that its important for people to understand, its not that we are interested in the issues that you are raising because we are, or that we don't care whether it be about the underlying, whether it be environmental impacts or other issues because they affect everyone of us.

- B. Could electric customers in the Study Area or State be required to pay for regional transmission construction projects such as those described in the Regional Generation Outlet Studies (whether designated as "multi-value" or not)?
- E. How can an investment in a very expensive, high-capacity transmission system be more cost-effective at meeting modest demand and reliability goals than spending the money on efficiency & control measures that lower overall use?

II. Reliability

- A1. Badger-Coulee project has been described as a two line transmission proposal. Would failure to build the Dubuque-Spring Green-Madison portion leave significant reliability concerns in Wisconsin that the Badger Coulee line would not alleviate?
- A2. Are there other 345 kV or higher voltage transmission projects under consideration by ATC for western and southwest Wisconsin?
- B. Aside from the lines and equipment mentioned under "\$140 million in lower voltage upgrades," are there other transmission lines or equipment with reliability problems in the study area or adjacent areas that ATC feels the Badger Coulee line would not alleviate? Can you provide us these studies?
- C. Where are the locations of transmission lines or other equipment with the stability issues on the "regional grid?"

Can you provide us these studies?

- D. Would the Badger-Coulee and CapX2020 segments of RGOS plan further enable Wisconsin utility companies to both import and export power from and to other States? Would exporting electricity to other States benefit Wisconsin electric customers financially? Can you provide us an outline of how this works?
- E. Statistics show that demand in Wisconsin is decreasing. Can ATC include the statistics that ATC has regarding demand in Wisconsin in addition to the statistics the committee previously requested about production, consumption and interstate sales from 2000-2009?

III. Renewable Energy / Reducing Harmful Emissions

- A. Would all of the wind-generated power carried in the Badger Coulee and CapX2020 lines be imported from Minnesota? If from renewable power sources within Wisconsin, which ones?
- B. Are there other lines in Wisconsin today that carry out of state wind-generated power into Wisconsin? If so, can you provide our committee a list of these lines and the wind generation sources they are connected to?
- C. Will other lines to import wind-generated power into Wisconsin be proposed by ATC in the next 5 years? If so, what States would the wind power be imported from?
- D. Job creation is a powerful advantage of local energy production and efficiency measures. Money for energy planning is very scarce. How does ATC explain a greater need for a cross-country grid system when jobs and energy can be made in our communities with the same resources that would pay for Badger Coulee?
- E. Adding renewable power into a transmission line is beneficial to the environment only if there's a net reduction in harmful emissions from the burning of fossil fuels. As the Badger-Coulee line would acquire its power from the CapX2020 line, how would the "quality" of the mix of renewable and non-renewable electricity at Holmen be assessed and regulated?
- F. Does ATC plan to provide an analysis of how imported renewable resources from "wind alley" translate into hundreds of millions of dollars in savings to electric customers during the Public Information Meetings phase?