AMERICAN TRANSMISSION COMPANY®

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JOHN C. PROCARIO
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

August 11, 2011

Alderman Willie Hines, Jr. Chair
Members of the Milwaukee Common Council
Members of the Steering and Rules Committee
City of Milwaukee
City Hall
200 East Wells Street
Milwaukee, Wisconsin 53202

Re: File No. 110372, Substitute Resolution Approving Milwaukee Streetcar Project

American Transmission Company LLC (ATC) provides the following information to the Steering and Rules Committee and the Members of the Milwaukee Common Council in connection with the consideration of a proposed streetcar system to serve a portion of Milwaukee's central business district. The information provided is in addition to similar information previously provided by AT&T Wisconsin Inc. and We Energies.

ATC owns and operates 138,000 volt (138 kV) underground high voltage transmission lines and associated facilities that provide electric transmission service to central Milwaukee (as well as other parts of Wisconsin) that would be affected by the proposed streetcar system. These underground transmission lines are an integral part of ATC's transmission network and are buried below street level in several locations in downtown Milwaukee. Attached is a map showing the location of ATC's 138 kV facilities that will be affected by phases 1 and 2 of the proposed streetcar system.

Phase 1 Impacts

Based on ATC's understanding of the location of phase 1 of the proposed streetcar system, ATC would need to dig up and re-bury at a deeper depth two sections of its 138 kV transmission lines at the intersection of those underground transmission lines and the proposed streetcar system at both 2nd and 4th Streets along St. Paul Avenue. The current estimated cost of exposing and re-burying those transmission line segments is approximately $500,000 to $700,000 in 2011 dollars.

In addition, please note that the casing surrounding these transmission line segments is subject to corrosion. Electric current required to operate the streetcar system can accelerate the corrosion of the casing causing potential operational concerns and increased maintenance requirements that could affect the safe and reliable operation of these transmission line segments. This is of particular concern for transmission line segments that parallel the streetcar system, such as along 4th Street.

ATC has retained a consultant to evaluate the impact of the operation of the streetcar system on the ATC underground transmission lines based on the current design and location of the proposed streetcar system. If the conclusion of the evaluation is that the transmission line casing would be subject to excessive corrosion or other adverse consequences due to electric current required to operate the streetcar system, then ATC would need to relocate the affected transmission line segments. The estimated cost of the relocation is between $10,000,000 to $15,000,000 (in 2011 dollars), assuming the city provides a suitable location to relocate the facilities.

Phase 2 Impacts

Should the streetcar project progress to phase 2, the impact of the proposed location of the streetcar system on ATC's underground transmission facilities would be greater. Based on ATC's current understanding of phase 2 of the proposed streetcar system, ATC's existing underground 138 kV transmission line located under 4th Street would need to be relocated (provided it was not relocated as part of phase 1). Again, the current estimate for the cost to relocate this underground transmission line segment is $10,000,000 to $15,000,000 (in 2011 dollars), assuming a suitable location to relocate the facilities was available. In addition, an ATC 138 kV circuit crossing on Juneau Avenue may need to be lowered to accommodate the phase 2 streetcar route. The cost for lowering this circuit is estimated to be $250,000 to $400,000.

Time Requirements

ATC estimates that the time necessary to perform the work to re-bury its transmission facilities in connection with phase 1 of the streetcar system would be approximately 6-12 months following receipt of the final streetcar system design. Should underground transmission line segments need to be relocated for phase 1, the time required would be 18-30 months following receipt of the final streetcar system design and PSCW regulatory approval. This assumes that a suitable location is made available by the City and the appropriate and required authorizations are received in a timely manner, including any environmental permits or authorizations.

Should the streetcar system proceed to phase 2, ATC estimates that 18-30 months, following receipt of the final streetcar system design and PSCW regulatory approval, would be required to relocate its underground transmission facilities. Again, this assumes that a suitable location is made available and all required permits and authorizations are provided in a timely manner.

Assumptions

Please note that the above information is based on the following assumptions:

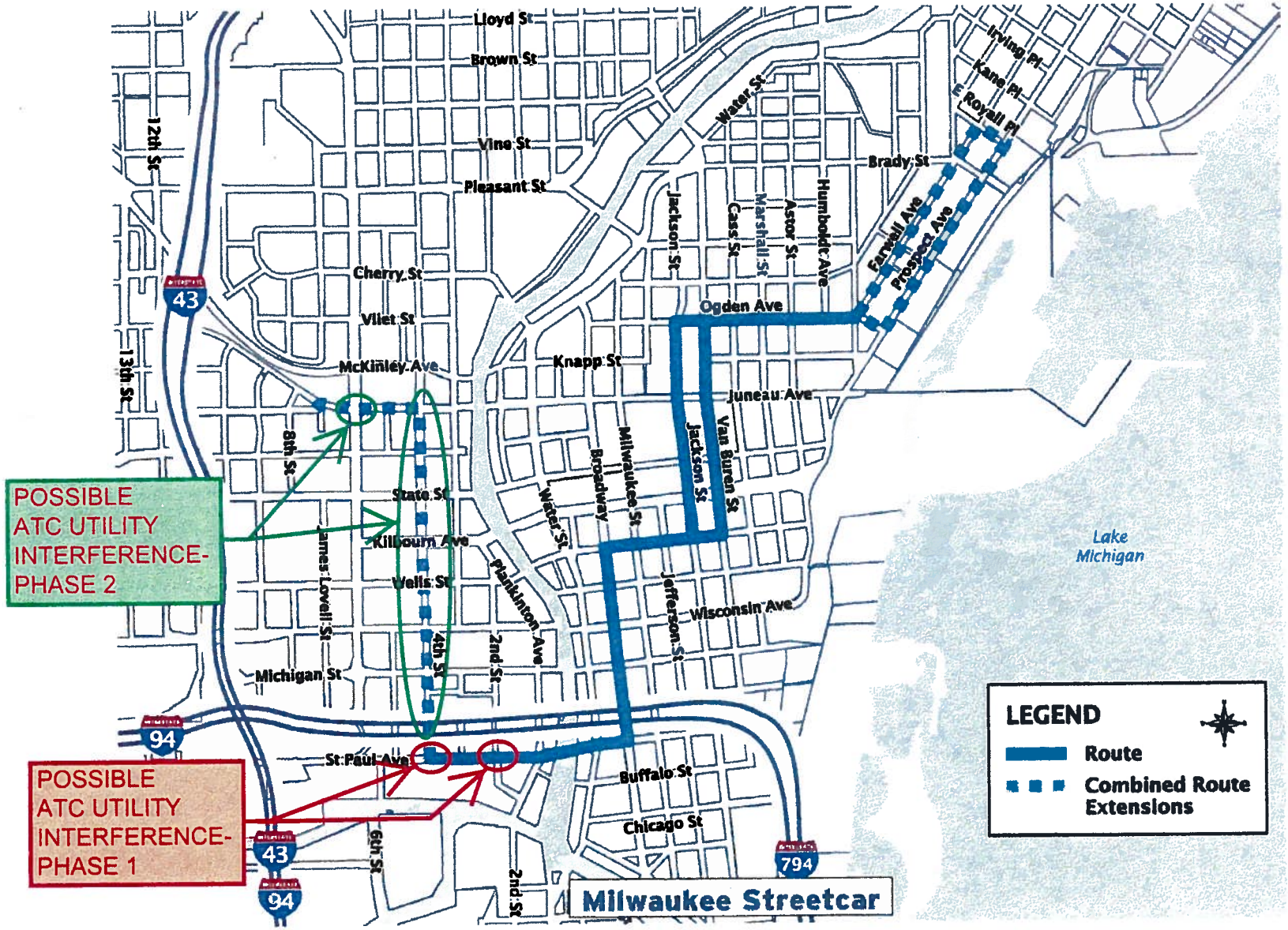
- There are suitable alternative locations made available by the City for the necessary replacement electric transmission facilities.
- All permits or other authorizations required to perform the work are received from the appropriate governmental authorities in a timely manner.
- The construction conditions encountered once work begins are the same or substantially similar to the conditions assumed in the cost estimates.
- No other utility work would be required to facilitate lowering or relocating the transmission facilities.
- The final design of the streetcar system is the same or substantially similar to the preliminary design.
- There are no increases in labor, material or other components of the costs between the time the costs are estimated and the costs are actually incurred.

ATC appreciates the opportunity to provide this information to the Committee and the Common Council. If there is a need for any clarification or further information, please contact Mr. Randy Satterfield, ATC's Vice President of Public Affairs at 608-877-3646.

Sincerely,

John C. Procario
Chairman, President and Chief Executive Officer
ATC Management Inc.
Corporate Manager for American Transmission Company LLC

cc: AT&T Wisconsin Inc.
We Energies
Mr. Phillip Montgomery, Chair, Public Service Commission of Wisconsin


POSSIBLE ATC UTILITY INTERFERENCE-PHASE 2
POSSIBLE ATC UTILITY INTERFERENCE-PHASE 1
Lloyd St
Brown St
Vine St
Pleasant St
Cherry St
Vliet St
McKinley Ave
Knapp St
Juneau Ave
Ogden Ave
Brady St
State St
Kilbourn Ave
Wells St
Michigan St
St Paul Ave
Buffalo St
Chicago St
Wisconsin Ave
Water St
E Royall Pl
Irving Pl
Kane Pl
Jackson St
Cass St
Marshall St
Astor St
Humboldt Ave
Farwell Ave
Prospect Ave
Van Buren St
Milwaukee St
Broadway
Water St
Jefferson St
Plankinton Ave
2nd St
4th St
6th St
8th St
James Lovell St
12th St
13th St
Lake Michigan
LEGEND
Route
Combined Route Extensions
Milwaukee Streetcar
43
94
794