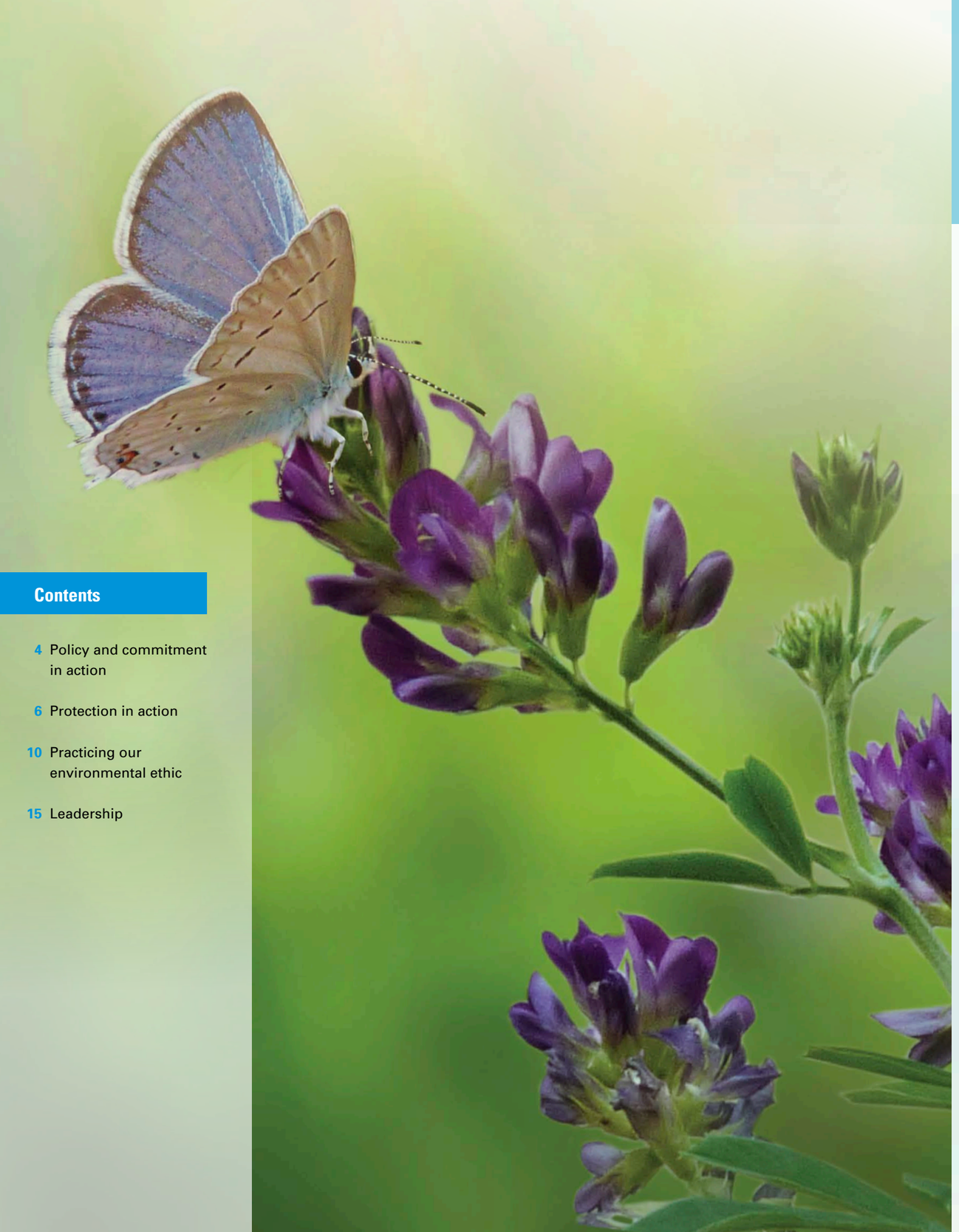
ENVIRONMENTAL ANNUAL REPORT

AMERICAN TRANSMISSION COMPANY®

2015



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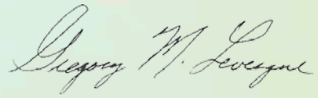
Connected to the environment

Whether we are conducting project work, maintenance activities or supporting the communities we serve, protecting the environment is a top priority for American Transmission Co.

The electric transmission system is a vital part of the communities we serve. It provides access to reliable, renewable energy and helps reduce emissions by efficiently moving power from where it's generated to where it's needed. Along with these benefits, we recognize that our activities may impact the environment.

Before our work starts, we communicate and collaborate with regulatory agencies, landowners and communities to identify and understand possible areas of concern. We believe the involvement of a diverse group early on helps us identify ways to minimize impacts and protect the environment. We share an appreciation for the environment, just as our stakeholders do, and we have to balance that with our obligation to ensure electric reliability for more than 5 million consumers. As such, we seek opportunities to make environmental enhancements and improvements on our projects and in communities.

Our environmental management system, employee and contractor training program, invasive species management, construction planning and Avian Protection Program are a few of the many tools that we use to ensure that we help protect and preserve the environment in which we all live and work.



Greg Levesque
Director, environmental and local relations

Policy and commitment in action

ATC's environmental commitment is built upon our core values – service to customers, honesty, social responsibility, stakeholder inclusion, financial and environmental sustainability, and respect for communities, customers and employees.

We are committed to environmental leadership in all aspects of our business. We seek to demonstrate this commitment through the following actions:

Compliance – Comply with all applicable laws, regulations and orders.

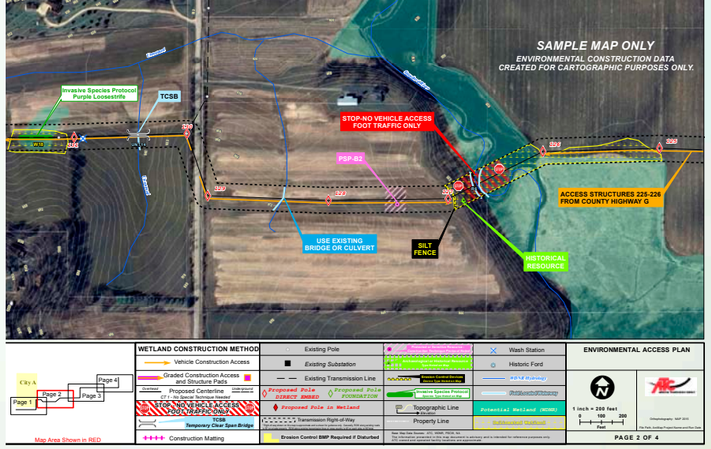
Impact reduction – Reduce environmental impacts of construction, operation and maintenance through the use of innovative practices, cost-effective technologies and, where appropriate, environmental mitigation and enhancement.

Employee involvement – Involve employees in environmental stewardship through job responsibilities and encouraging volunteerism.

Training – Provide employees and contractors with the tools to participate in environmental stewardship through education and training. More than 800 employees and contractors received environmental training in 2015.

Proactive partnerships – Address transmission-related environmental issues proactively with regulators and other stakeholders through partnerships and collaborative working relationships.

Environmental management system – Develop, implement and maintain an environmental management system to ensure we continue to meet our environmental goals.



Environmental Access Plan maps are one of the tools we use to ensure compliance and protect the environment. These maps are used by contractors while conducting construction and maintenance activities.

Recognized by Wisconsin DNR for superior environmental performance

In 2005, ATC became the first utility to join Wisconsin's Green Tier program, which now has more than 80 participants throughout the state. The program, administered by the Wisconsin Department of Natural Resources, recognizes businesses and organizations that demonstrate superior environmental performance and dedication to continual improvement, and strives to encourage responsible environmental decision-making to protect and restore natural resources.

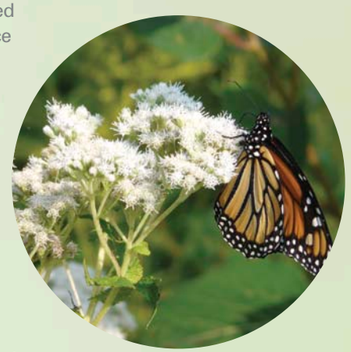
To be admitted into Green Tier, companies must demonstrate a strong environmental compliance record, implement a formal system for including environmental issues in business decision-making, participate in external oversight of environmental performance, and show continual, measurable improvement.

Acceptance and participation in Green Tier provides us with a means of demonstrating internal controls, a systematic method of improving relationships with DNR staff and a productive way to change how the company and the DNR approach environmental resource conservation.

The Green Tier designation also recognizes our environmental leadership through a progressive and proactive approach to environmental issues, and acknowledges our reputation as an innovative and forward-thinking organization among regulators and environmental organizations. As a participant in the program, we are committed to incorporating environmental sensitivity, protection and restoration into the design, construction and maintenance of electric transmission lines.

Demonstrating environmental stewardship in Michigan

ATC earned the designation as a member of Michigan's Clean Corporate Citizen (C3) Program in December 2012. The C3 Program is a voluntary Michigan Department of Environmental Quality program for regulated companies that have demonstrated strong environmental performance and a commitment to continual environmental improvement. Candidates demonstrate facility-specific environmental management systems, active pollution prevention initiatives, and a consistent record of compliance with state and federal environmental requirements.



The C3 program is built on the concept that Michigan businesses that consistently demonstrate environmental stewardship and pollution prevention can be relied on to carry out their environmental protection responsibilities. C3 companies enjoy greater regulatory flexibility than those that have not been recognized for the same level of environmental awareness.

GREEN TIER

CLEAN CORPORATE CITIZEN PROGRAM

'Avian Safe' designation added to design standards

ATC demonstrated its commitment to migratory bird safety with the implementation of its Avian Protection Program in 2009. The program has been enhanced and expanded over the years to include an online reporting process, integration of GIS data, a Special Purpose Utility Permit authorized by the U.S. Fish and Wildlife Service, a risk assessment strategy, and membership in the industry-leading Avian Power Line Interaction Committee. ATC continues to be proactive with the addition of bird flight diverters on new and rebuilt transmission line projects in areas believed to be at higher risk for avian interactions. Our stewardship also provides safe nesting opportunities with ongoing additions to the 150-plus platforms that are currently installed on poles and platforms throughout our system.

In 2015, we took our program one step further with the addition of "Avian Safe" design standards for transmission structures. While we originally reviewed our design standards for avian safety when implementing our Avian Protection Program, ATC has now documented which design standards are considered avian-safe by using industry guidelines. As a result, project teams can be assured that the "Avian Safe" designs they have chosen will provide adequate safe clearances for the Midwest's largest birds.

Environmental protection in action

Wisconsin River crossing project

An ATC project team collaborated with construction contractors to plan, design and rebuild a portion of an electric transmission line located on a dam in Prairie du Sac, Wis.

The work, which took place in summer and fall, was completed on the grand stage of the Wisconsin River, known for its prime fishing spots, picturesque views and ample opportunities to spot eagles, osprey and other wildlife.

Removing a transmission line on dam infrastructure and conducting work in an environmentally sensitive area provided many challenges for the project team.

This final segment, just more than a half-mile in length with a 2,100-foot span crossing the river, required comprehensive analysis and planning by the project team.

Early on, the project team noted that if this line was built new today, it would not be installed on a dam due to incompatibility with current engineering, access and safety standards. This meant that the line needed to be relocated on land adjacent to the dam and connecting substation.

The environmental team consulted with the Lower Wisconsin Riverway Board and Wisconsin Department of Natural Resources on various aspects of project work prior to the start of construction.

The team also timed construction to ensure minimal impacts to the eagles that catch fish from the open water near the dam and perch in trees along the shoreline in winter.

On the east side of the river, an 11-foot-diameter foundation was installed to support the 175-foot-tall galvanized steel pole.

Because work was being conducted near a documented state historical site an archaeologist shovel tested the site ahead of time and was present for foundation digging. As the crew excavated, the first 10 feet of soil was assessed by the monitor, who verified that there were no artifacts in the soil.

The team determined that using an air crane would greatly reduce environmental impacts and shorten the construction schedule by weeks, which was critical for avoiding the eagle roosting season.

In addition, a light-duty helicopter crew installed bird flight diverters on the line due to high avian use in the area. Bird flight diverters allow birds to see thin wires and adjust their flight paths to avoid contact with them.

Working with federal, state officials to protect bats

An interim federal rule designed to protect the habitat of the northern long-eared bat went into effect in early 2015.

The Badger Coulee project team monitored this issue closely in 2015. Environmental contractors surveyed the project route with special acoustic equipment identifying locations where the northern long-eared bat are present.

ATC environmental staff collaborated with the U.S. Fish and Wildlife Service, Wisconsin Department of Natural Resources and other utilities to provide input on how transmission line construction and maintenance activities may impact the bat's habitat.

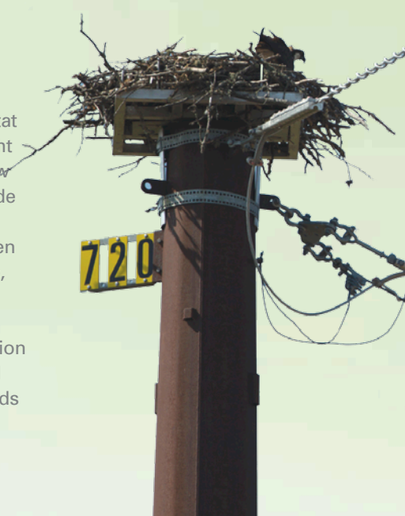
The bat's population has experienced a steep decline due to white-nose syndrome, a fungal disease that spreads quickly when bats congregate; the condition affects the bats' hibernation, causing them to starve or dehydrate.

Because the threat to the bat is from a disease and not from human activity, there are few options to protect them. The federal rules place restrictions on tree removal in areas to protect bat habitat during certain months, which will improve breeding opportunities and give newborn bats a chance to grow.

Preserving, protecting osprey population

Environmental staff worked to protect and promote osprey nests near a 69,000-volt transmission line we are planning to rebuild between Prairie du Sac and Portage, Wis.

Environmental analysis concluded an osprey platform and nest would need to be moved off an island in the Wisconsin River in order to protect osprey. The habitat improvement plan includes replacing eight existing platforms and installing eight new ones along the rebuilt line. This will include a platform on each side of the river in Portage. New platform locations have been determined based on observations of use, attempts at nesting, and discussions with landowners, including the U.S. Fish and Wildlife Service. Additionally, the installation of bird flight diverters across the river will make thin wires more visible and help birds adjust their flight path to avoid them.



Planting seeds in Milwaukee County

Contractors planted a seed mix that attracts pollinators along the bike path adjacent to the completed Western Milwaukee County Electric Reliability Project in Waukesha County, Wis. The crew used a seed mix including many grasses and flowers from our Grow Smart® planting guide. The seed mix was chosen because it should help attract pollinators, such as bees and butterflies, to the area. Grasses were seeded in July; forbs and some other grasses were placed in November.

Grow Smart is an ATC program that promotes planting low-growing vegetation near transmission lines to help ensure public safety and electric system reliability. Common milkweed is one of the forbs promoted in Grow Smart and was one of the seeds included in the trail's seed mix. ATC distributed thousands of milkweed seed packets at various events in 2015, helping educate the public about the plight of the monarch butterfly – which is highly dependent on milkweed as a food source.

Protecting pollinators in the Straits of Mackinac

Crews made repairs at the Point Lebarbe and McGulpin riser stations, which are the terminal points for the underwater transmission lines crossing the Straits of Mackinac in the Upper Peninsula of Michigan. There had been ongoing problems with oil leaks from the underground and overhead transition stations on both sides, and the work included exposing and repairing connections on both sides. ATC environmental and construction teams collaborated to design and plan work to avoid impacts to the Houghton's goldenrod plant. Early on, the teams observed the plant near the Point Lebarbe riser station. More than 200 plants were relocated to improve construction access at the site. These efforts will help minimize environmental impacts near the riser stations and make it easier to avoid disturbing the plants in the future.

Flora and fawns

An alert Asplundh Tree Expert Co. crew spotted a fawn while working along the corridor for the Holmes-Old Mead Road Project in Michigan. The fawn, hidden in previously cut vegetation in the middle of the right-of-way, refused to move. The crew called off work in the immediate area until the next morning, allowing the doe to come to the fawn. When the crew returned the following day, neither deer was present.

Substation Stormwater Management Program

A large part of our work involves monitoring our facilities and proactively addressing any areas of concern. Through our Substation Stormwater Management Program, we monitor substations and identify if stormwater runoff may be contributing to area flooding or erosion. If any issues are identified, environmental staff work to mitigate or correct them. In 2015, SSMP projects included:

Addressing drainage issues at the Mullet River Substation in Sheboygan County, Wis.

Crews installed perforated pipe along the north and west sides of the substation to collect and redirect stormwater. A rock swale also was installed on the south side of the substation. These improvements will help prevent flooding at the substation and allow sediment from stormwater to filter out before it reaches the Mullet River floodplain, resulting in improved wetland quality.

A swale was installed north of the Arpin Substation, improving drainage and minimizing erosion. A stone crossing will improve access for farm equipment at the site.

Drainage swale near Arpin Substation will alleviate flooding

A drainage swale was installed in fall on a property north of the Arpin Substation in Wood County, Wis., to alleviate flooding near the site. Storm water from the substation pad now will flow north and infiltrate along the swale. The completion of this work will allow the adjacent property owner to farm more of the area without the threat of flooding and potential crop loss.

Practicing our environmental ethic

Our environmental commitment is an important part of the way we do business. This commitment is demonstrated through sponsorships, volunteering, employee engagement and our office environments.

Protect, promote, present

In addition to environmental project planning and management, members of the environmental team shared their expertise in avian interactions with power lines, access planning and vegetation management mapping at the International Rights-of-Way Symposium, the Vegetation Management North American Transmission Forum and for the Association of Fish and Wildlife Agencies.

Earth Days of Caring

Employees participated in several projects to connect with the community and reinforce environmental values with our Earth Days of Caring. Kingsford, Mich., employees helped the Dickinson Conservation District plant 650 white pine trees donated by Consumers Energy. Cottage Grove and Madison, Wis., employees headed out to the Aldo Leopold Nature Center to get dirty and have some fun while helping maintain the prairie, marsh and woodlands on the grounds.

Partying for the Planet

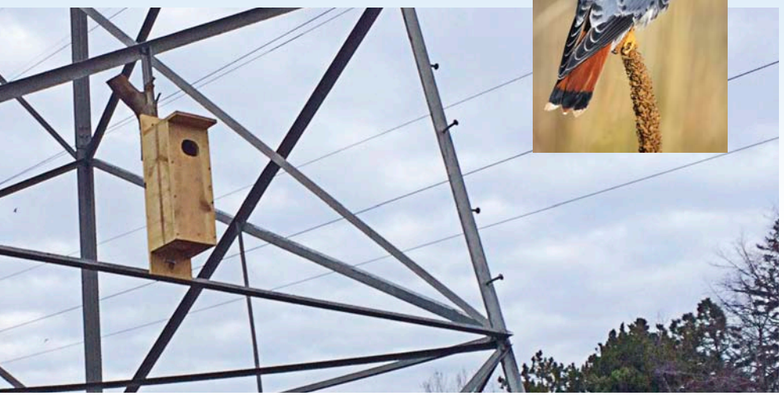
We continued our sponsorship of the Zoological Society of Milwaukee's Party for the Planet in May. ATC featured three activities for visitors:

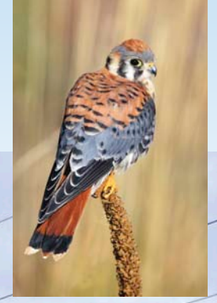
At the Northwestern Mutual Family Fun Farm, nationally renowned horticulturist, author and radio/TV host Melinda Myers assisted children in planting a low-growing butterfly garden. Melinda is ATC's spokesperson for the Grow Smart program, which helps educate landowners about planting low-growing species – especially in transmission line rights-of-way. The Grow Smart Butterfly & Pollinator Garden is in the shape of a butterfly and is a permanent exhibition garden at the zoo that will attract pollinators and birds for years to come.

Our volunteers also staffed a booth that educated visitors about pollinators. Kids and adults played Name That Pollinator, learned about different types of pollinators and picked up their free common milkweed seed packets – along with a few other goodies.

Near the southern shore of Lake Evinrude on the zoo grounds, a local Cub Scout pack from Milwaukee assisted the zoo's forestry crew and other volunteers in planting more than 40 trees, with another 60 planted later in the year with funding from ATC. This is the second year that we have granted funding to the Zoological Society of Milwaukee, which is used to remove damaged vegetation and invasive species and replace them with native trees and shrubs. Restoration of the area near the lake helps diversify the plant and animal species, improve air quality, reduce the zoo's carbon footprint and enhance the beauty of the grounds.

ATC received the 2015 Loxodonta africana Award from the Zoological Society of Milwaukee for our support of Party for the Planet and restoration efforts on Milwaukee County Zoo grounds. The award features a real African elephant footprint.





Nesting boxes provide a welcome home for kestrels

The American kestrel is North America's smallest falcon. The bird likes to hunt in open areas with low vegetation, making transmission line rights-of-way ideal spots for them to perch. Kestrels also like to nest in cavities such as hollowed-out trees, crevices or nooks. Natural habitats for the falcon are limited, but it is attracted to man-made nesting boxes. We worked with The Bay Beach Wildlife Sanctuary in Green Bay, Wis., to erect nesting boxes to encourage kestrel population growth. MJ Electric, LLC, an ATC construction contractor, agreed to install the boxes.

Planting rare native orchids to bloom in Door County

Wisconsin orchids have been declining in recent years. ATC employees volunteered with Stantec, an environmental contractor, to plant several species in The Ridges Sanctuary in Door County, Wis. The Ridges is working to reintroduce the once-abundant ram's-head lady's slipper, showy lady's slipper, yellow lady's slipper and grass pink orchids to the sanctuary land.

Originally 40 acres, the sanctuary in Bailey's Harbor now spans 1,600 acres. The Ridges name stems from a series of low, sandy ridges alternating with wet swales formed by the receding of Lake Michigan over time. The land formation is host to unique plant and animal species, including more than 25 species of orchids.

Multi-use trail gets an upgrade

An employee associated with the Friends of McCarthy Park and a local ski club enlisted the support of ATC and construction contractor Henkels & McCoy, Inc., to improve a multi-use trail at McCarthy Park in Cottage Grove, Wis. We donated funds that enabled the group to replace a poorly drained section of road and helped ensure a complete trail loop for all to enjoy.

Trees for Tomorrow workshops for budding students

Students from Denmark Community School received scholarships from ATC to complete a natural resources education workshop at Trees for Tomorrow in Eagle River, Wis. Trees for Tomorrow is an accredited natural resources specialty school located in a beautiful outdoor classroom. Children who participate in workshops learn about the natural world by studying the animals and insects in the area, and develop or learn skills to help thrive in and improve the natural environment.

Employee Green Teams

Green Teams were active in all of our offices in 2015. The teams of employee volunteers design programs and events to promote environmental stewardship and sustainability. The De Pere, Wis., office is in its fifth year of offering a plastic bag recycling service for employees. More than 24,000 bags have been taken to collection spots at local retail stores.

Employees in De Pere and Pewaukee, Wis., made milkweed seed balls to help attract Monarch butterflies. Seeds are embedded in a mixture of clay, potting soil or compost, and water, and then shaped into balls that take several days to set up. All 375 Pewaukee employees received two balls to place in a wildflower garden, vacant lot or other location to germinate. The balls simply need to be placed in direct contact with soil to grow.

In Madison, employees did a spring cleanup of a fen adjacent to that office, and in fall, they collected recyclables. The team also hosted a perennial plant swap in May.

Prairie preservation in Pewaukee

A controlled burn of the prairie at ATC's Pewaukee, Wis., headquarters was completed in April. Facilities staff coordinated with the Pewaukee Fire Department and business park along with contractor, Cardno, who performed the burn. Controlled burns help maintain health of the native plants, manage weeds and restore nutrients to the area.

Bye, bye, buckthorn

A crew from the De Pere, Wis., office helped remove invasive buckthorn along Baird Creek Parkway in Green Bay on Earth Day. Buckthorn leafs out early in the year, creates dense shade that prevents the regeneration of tree seedlings and releases a toxin that inhibits growth of other vegetation. It also produces abundant berries attractive to birds that disperse seeds, allowing it to proliferate.

Interns dig in for Day of Action to support United Way

Forty ATC interns joined 700 others for an Intern Day of Action to benefit the United Way of Greater Milwaukee & Waukesha County. They volunteered to help with garden maintenance, picking and planting at Green Power Garden. The garden primarily provides fresh fruits and vegetables to guests of the Hope Center, an organization that serves people in need in Waukesha County, Wis., sharing surplus harvest with the Food Pantry of Waukesha.

Osprey banding

Dead trees provide natural nesting sites for osprey, but a shortage of these trees – called snags – means that more than three-quarters of the osprey in Wisconsin make their homes on raised platforms. Osprey also find transmission structures attractive nesting sites. For the birds' safety and electric reliability, we work with our utility customers, the Wisconsin Department of Natural Resources, conservation groups and others to erect platforms in appropriate locations. We supported an effort to band osprey chicks in the state-owned Mukwa Wildlife Area south of New London, Wis., this year.

Community Planting Program gives $60,000 to communities

ATC awarded $60,000 to 39 communities in our service area to plant trees and other vegetation through our Community Planting Program, which is part of our Grow Smart initiative. Trees and other vegetation purchased by communities through the Community Planting Program reinforces this initiative by supporting the planting of tall-growing trees and other vegetation outside of high-voltage transmission line rights-of-way. We have awarded nearly $190,000 to more than 130 communities for planting projects since this program began in 2013. To qualify, community recipients commit to complying with ATC's maintenance standards for all current and future planting plans and urban forestry activities near high-voltage electric transmission lines.

Environmental stewardship year round

We supported a number of environmentally-focused events throughout 2015, including:

- **Annual Bald Eagle Watching Days, Sauk City, Wis.**
- **Lake Country Recreation Trail JanBoree, Waukesha, Wis.**
- **Kishwauketoe Nature Conservancy, 25th Anniversary Celebration, Williams Bay, Wis.**
- **Middleton High School Ecology Club, National Envirothon Competition, Middleton, Wis.**
- **Woodland Dunes Nature Preserve, Farm to Table Dinner, Two Rivers, Wis.**
- **Baird Creek Preservation Run for the Hill of It 5K, Green Bay, Wis.**

Leadership

ATC lives its environmental values. The corporate headquarters earned a LEED Gold designation from the U.S. Green Building Council in 2009 for its many special features including a green roof, solar panels and natural lighting. Preferred parking for employees with eco-friendly vehicles and electric vehicle charging stations are featured at company locations. We have also earned several environmental designations and awards including:

- Recognized for environmental innovation on the Rockdale-West Middleton Transmission Line Project by Wisconsin Manufacturers & Commerce. An independent panel of judges included representatives from the Wisconsin Department of Natural Resources, the University of Wisconsin and environmental groups.
- Earned the Tree Line USA Company designation for the fourth time for best practices in utility arboriculture.
- Recognized by the Wisconsin Urban Forestry Council with its annual Innovations in Urban Forestry Award. The award was presented to ATC for our Grow Smart Community Planting Program.

About ATC

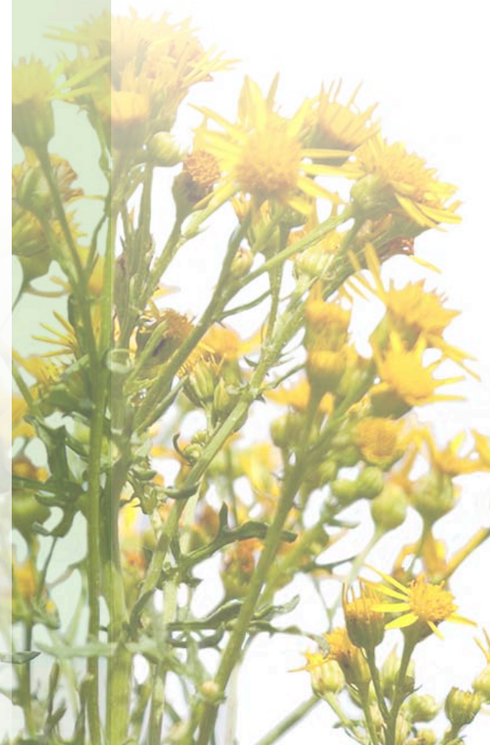
- Formed in 2001 as the nation's first multi-state, transmission-only utility
- Owner and operator of more than 9,540 miles of transmission lines and 545 substations
- Meeting the electric needs of more than five million people in 72 counties in Wisconsin, Michigan, Minnesota and Illinois
- We are a Green Tier company, selected by the Wisconsin Department of Natural Resources for demonstrating superior environmental performance and continual improvement.
- We are a C3 company, recognized by the Michigan Department of Environmental Quality as a Clean Corporate Citizen for our strong environmental performance and commitment to continual environmental improvement.

Measuring our 2015 performance

76% of construction materials (1,668 tons) recycled, with a total savings of more than $400,000

39 tons of office waste recycled

9,400 pounds of hazardous waste removed during construction and maintenance projects



AMERICAN TRANSMISSION COMPANY®

Helping to keep the lights on,
businesses running
and communities strong®

P.O. Box 47 Waukesha, WI 53187-0047 Toll-free: **866.899.3204**

atcllc.com

WISCONSIN DNR GREEN TIER SUSTAINABILITY METRICS

Period Covered:	2015
Company Name:	American Transmission Company
Facility Name:	
Address:	W234 N2000 Ridgeview Parkway Court
City, State, Zip:	Waukesha, WI 53187-0047
Environmental Coordinator:	Greg Levesque
Coordinator Phone:	608-877-3649
Coordinator E-Mail:	glevesque@atcllc.com

Metric	Not Collected/ Not Available	Quantity	Units	Period - if not Calendar Year
DEMOGRAPHICS				
Sales	X			
Money saved because of material or process improvements			$	
Profit or Loss	X		%	
Employees	657		Each	
Multiple between highest paid and lowest paid employe	X		%	
Alternative Transportation Support	X		$ or ?	
Total Purchases	373,556,889		$	
In-State Purchases	122,518,912		$	
% of Purchases Made from Companies that participate in Green Tier or Green Masters:			%	
LAND				
Total Land	X		Acres	
Paved/Covered Land	X		Acres or sq ft	
ENERGY				
Electricity			kWh	
	X		% reduction	
Natural Gas	**X**		btu	
Renewable Energy			%	
WATER				
Total Water Used	**X**		gallons/year	
	x		% reduction	
Water Recycled/Reused	X		gallons/year	
	X		% reduction	
Regulated Pollutants Discharged	X		lbs/ year	
	X		% reduction	
AIR				
Total Air Emissions	X		lbs/ year	
	X		% reduction	
Ozone-Depleting Substances	X		lbs/ year	
	X		% reduction	
Greenhouse Gas Emissions		477	lbs/ year	2015
		85	% reduction	2012
WASTE				
Hazardous Waste Disposal		9,400	lbs/ year	2015

Hazardous Waste Disposal		33	% reduction	
Non-Hazardous Waste Disposal		1,100,107	lbs/ year	2015
		1%	% reduction	
Material Recycled/ Reused		3,677,310	lbs/ year	2015
		43	% decrease	
Recycled/ Reused Content		76	% of product	
TRANSPORTATION				
Hybrid Vehicles	X		Each	
Gasoline Used	X		Gallons	
Diesel Used	X		Gallons	
Alternative Fuels Used	X			
ADDITIONAL METRICS				
Please list all other certifications (for example: LEED, Energy Star, ISO 14001):			PWK Building -Platnium Leed	