

May 20, 2022

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VIA ERF

Mr. Cru Stublely
Secretary to the Commission
Public Service Commission of Wisconsin
North Tower, 6th Floor
Hills Farm State Office Building
4822 Madison Yards Way
Madison, WI 53705-9100

Re: Docket No. 05-CE-146: Update Regarding Project Cost Estimate

Dear Secretary Stublely:

On behalf of American Transmission Company LLC and ATC Management Inc. (“ATC”), ITC Midwest LLC (“ITC Midwest”), and Dairyland Power Cooperative (“Dairyland”) (collectively, the “Co-Owners”) I am writing to update the Public Service Commission of Wisconsin (“Commission”) regarding the total estimated cost at completion of the Cardinal-Hickory Creek 345-kilovolt Transmission Line Project (“Project”). This update is being provided in accordance with Order Point 2 of the Commission’s Final Decision in this docket (PSCW Ref. # 376391).

The Final Decision provides in Order Point 2 that the Co-Owners shall promptly notify the Commission if they become aware that the costs of the Project “may exceed the estimated cost by more than 10 percent.” This letter provides that required notice. The Co-Owners have identified that the Project cost at completion will exceed the total estimated cost of \$492,216,000 approved in the Final Decision by more than 10%. The anticipated cost increase is primarily driven by material price increases and on-going legal expenses related to multiple challenges to the Project’s federal and state authorizations.

Regarding material prices, since the Project cost estimates were developed in 2018 there have been considerable increases in construction material pricing. For example, the Co-Owners have contracted for nearly all structures, conductor, hardware and insulators needed for the Project. ATC experienced levelized price increases of approximately 93% for steel and 68% for conductor compared to the estimated price used in 2018 when creating the Project’s total estimated cost. Similarly, ITC Midwest saw the average price of steel increase by approximately 110% from 2018 to 2022. Additionally, glass insulator costs have risen approximately 10% for ATC due to high energy costs in Europe along with increased rates in shipping container costs. The glass is produced in Europe and then shipped to the U.S. factory for final assembly.

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The protracted Project-related litigation in multiple forums has also increased the estimated Project costs due to increased legal expenditures both for the Co-Owners and the Commission. There are currently two federal cases and one state case challenging the state and federal approvals of the Project. These federal and state cases have spurred multiple subsequent appeals to the Seventh Circuit Court of Appeals, the Wisconsin Court of Appeals, and the Wisconsin Supreme Court.

The on-going litigation has also created uncertainty regarding construction timing for the portion of the Project in Iowa near the Mississippi River and within the Upper Mississippi River National Wildlife and Fish Refuge (“Refuge”). As discussed in the Co-Owners’ March 22, 2022 filing with the Commission (PSC REF#: 431418), the Co-Owners have filed an appeal with the Seventh Circuit of a federal district court order related to the Project’s federal approvals to cross the Refuge. As the timing of the completion of this appeal is not known, it is difficult at this time for the Co-Owners to accurately forecast the remaining costs for this Project.

Once the Seventh Circuit has concluded the appeal process and the federal agency decisions on the Refuge are completed, the Co-Owners will likely have a reliable new total Project cost estimate. Until that point, the Co-Owners are not able to accurately provide an updated total estimated completion cost for the Project.

The Co-Owners will provide further details in future Quarterly Progress Reports. If there are any questions in the meantime, please contact me.

Respectfully,



Brian H. Potts