

or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in the case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of facts or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After April 22, 2003, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

American Transmission Company, LLC, et al. (70-10108)

American Transmission Company, LLC ("ATC"), an electric transmission public utility company subsidiary of Alliant Energy Corporation ("Alliant"), a registered holding company, and ATC Management, Inc. ("ATCMI"), a public utility company, corporate manager of ATC, and holding company subsidiary of Alliant, claiming exemption from registration under section 3(a)(1) by rule 2 of the Act, both located at N19 W23993 Ridgeview Parkway, West Waukesha, Wisconsin 53188 (together, "Applicants") have filed an declaration ("Declaration") under sections 6(a) and 7 of the Act and rule 54 under the Act.

I. Introduction

In 1999, the state of Wisconsin enacted legislation ("Transco Legislation") that facilitated the formation of for-profit transmission companies ("Transcos"). ATC was created under the Transco Legislation and ATCMI was created to be the general manager of ATC. The legislation obligates these Transcos to construct, operate, maintain, and expand transmission facilities to provide adequate, reliable transmission services under an open-access transmission tariff.

II. ATC and ATCMI

By order dated December 29, 2000 (HCAR No. 27331) ("December Order"), the Commission authorized ATC to acquire the transmission assets of the subsidiaries of four investor owned public utility holding companies with service areas in Wisconsin and adjacent areas in Illinois and Michigan. The following utility companies transferred ownership and operation of their transmission assets to ATC in exchange for member interests ("Member Interests") in ATC: Wisconsin Power and Light Company ("WPL") and South Beloit Water, Gas and Electric Company

("South Beloit");¹ Wisconsin Electric Power Company and Edison Sault Electric Company ("Edison Sault");² Madison Gas and Electric Company;³ and Wisconsin Public Service Corp.⁴ Wisconsin Public Power Inc. ("WPPI"), a Wisconsin municipal electric company, contributed cash in exchange for an equity interest in ATC proportional to WPPI's load ratio share in Wisconsin.⁵ These entities together are referred to as the "Initial Members."

Applicants state that as a limited liability company, ATC may be formed to be "member managed" or "manager managed" according to Wisconsin law. Applicants state that it was decided that ATC would be "manager managed" by ATCMI. In the December Order, the Commission authorized ATCMI to acquire a nominal interest in ATC and operate as the sole manager of ATC. Due to the extent of the operational control ATCMI has over the utility assets of ATC, the Commission found that both ATC and ATCMI were jurisdictional public utilities under the Act. ATCMI is also an intermediate holding company by virtue of its ownership interest in ATC and claims exemption from registration by rule 2 under section 3(a)(1) of the Act.

As of December 31, 2002, eighteen more contributors, including twelve municipal utilities, six cooperatives, one public power entity, and one investor owned utility invested transmission assets and/or cash in ATC. These members are referred to as the "Additional Members," and along with the Initial Members, the "Member Utilities." Effective February 1, 2001, ATC transferred operational control of its facilities to the Midwest Independent Transmission System Operator, Inc.

Applicants state that ATCMI's ownership structure consists of Class A non-voting shares and Class B voting shares of stock.⁶ Upon transference of

transmission assets to ATC, each Member Utility purchased Class A shares in proportion to the value of the transmission assets it transferred to ATC. In addition, each Initial Member received one Class B share of stock.⁷ The December Order indicated that, in the future, ATCMI plans to commence an initial public offering ("IPO") of its stock. The Commission reserved jurisdiction over the issuance of any equity securities in connection with a potential IPO by ATCMI.

III. Financing

A. Existing Authorization

The December Order authorized ATC and ATCMI to engage in various financing activities through June 30, 2004 ("Authorization Period") in an aggregate amount not to exceed \$900 million as follows: (1) Short-term debt financing by ATC not to exceed \$125 million in the form of borrowings under a revolving credit agreement, issuance of commercial paper, or other forms of short term financing; (2) long-term debt financing by ATC in the form of debentures or other forms of long-term debt financing, with the total short- and long-term debt not to exceed \$400 million; (3) equity financing of up to \$500 million in the form of preferred stock of ATCMI; and (4) interest rate hedging transactions.

B. Current Request

Applicants now request authority for various financing transactions in addition to their outstanding financing authority as follows: Applicants request authority for ATCMI to issue and sell preferred securities and for ATC to issue long-term and short-term debt in an amount not to exceed \$710 million at any one time outstanding during the Authorization Period. Applicants state that short-term debt will not exceed \$200 million at any one time outstanding. In addition to the \$710 million of securities as described above, Applicants request authorization for ATC to issue Member Interests and ATCMI to issue Class A and Class B stock in an aggregate amount of up to \$393 million. Applicants state that the underwriting fees, commissions or other similar remuneration paid in connection

the articles of incorporation and (ii) any merger, consolidation, or sale of all or substantially all of ATCMI's assets.

⁷ Applicants stated in the December Order that this structure was designed to ensure that the Member Utilities had economic interests in proportion to the value of their contribution of assets to the ATC, while maintaining the desired per capita voting arrangement. South Beloit and Edison Sault did not receive a Class B share because their respective corporate parents hold their shares.

¹ See December Order. WPL and South Beloit (which are both subsidiary companies of Alliant) are together treated as a single member.

² See *Wisconsin Energy Corp.*, HCAR No. 27329 (Dec. 28, 2000). Wisconsin Electric Power Company and Edison Sault Electric Company (which are both subsidiaries of Wisconsin Energy Corp., dba We Energies, an exempt holding company) are together treated as a single member.

³ See *Madison Gas and Electric Co.*, HCAR No. 27326 (Dec. 28, 2000). As a result of the acquisition, Madison Gas and Electric Company is both a public-utility company and an exempt holding company.

⁴ See *WPS Resources Corporation*, HCAR No. 27330 (Dec. 28, 2000). Wisconsin Electric Power Company is a subsidiary of WPS Resources Corporation, an exempt holding company.

⁵ WPPI is exempt from all provisions of the Act under section 2(c).

⁶ Class B shareholders are currently entitled to approve by majority vote: (1) Any amendment to