BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Joint Application of Wisconsin Electric Power Company, Wisconsin Public Service Corporation, and Madison Gas and Electric for Approval to Acquire Ownership Interests in the Badger Hollow Wind Energy Generation Facility and related facilities in the Towns of Clifton, Eden, and Linden in Iowa and Grant Counties, Wisconsin and Authority to Purchase the Whitetail Wind Energy Generation Facility and related facilities in the towns of Clifton and Wingville in, Grant County, Wisconsin.	5-BS-282

I. INTRODUCTION

Wisconsin Electric Power Company ("Wisconsin Electric"), Wisconsin Public Service Corporation ("WPSC"), and Madison Gas and Electric Company ("MGE") (collectively, the "Joint Applicants") apply for approval under Wis. Stat. § 196.49 to acquire and construct the Badger Hollow Wind Farm (referred to as "Badger Hollow") and to acquire Whitetail Wind Farm (referred to as "Whitetail") upon it achieving commercial operation (collectively, the "Wind Projects"). The Wind Projects are two Wisconsin utility-scale wind-powered electric generating facilities. In total, Joint Applicants propose to acquire 185 MW of wind generating nameplate capacity – the ownership of which will be shared among the Joint Applicants as follows:

	WEPCO (80%)	**WPS (10 %)**	**MGE (10%)**	**Total**
Badger Hollow (MW)	89.6	11.2	11.2	112.0
Whitetail (MW)	53.6	6.7	6.7	67.0
Total	***143.2***	***17.9***	***17.9***	***179.0***

The Wind Projects are being developed by and will be built by Invenergy LLC ("Invenergy"), an experienced, U.S.-based wind farm developer. Joint Applicants seek approval of the Wind Projects as part of a larger effort to transition their respective generation fleets.

WEC Energy Group ("WEC"), the parent company of WPSC, recently announced its plan to lower its carbon emissions by 80% from 2005 levels by 2030 and for its generation fleet to be net carbon zero in 2050. Based on preliminary data for 2020, Wisconsin Electric and WPSC have already been able to reduce carbon dioxide emissions by greater than 50% below 2005 levels.

WEC plans to retire older, less efficient fossil fuel plants, and invest more than $2 billion in low-cost, highly efficient natural gas generation, renewable generation and storage resources in Wisconsin. The company's longer-range plan is expected to save utility customers more than $2 billion over the next 20 years. Appendix A discusses Wisconsin Electric & WPSC's overall plan, and where the Wind Projects fit into it, in much more detail. The Wind Projects represents another significant step by WEC to build a bright, sustainable future for its customers. The Wind Projects will help maintain reliability, deliver significant savings to customers and help achieve WEC's carbon reduction goals.

Likewise, MGE will need over 250 MW of new capacity by 2024 due to previously announced retirements of legacy assets and expiration of existing PPAs. The acquisition of a portion of the Wind Projects represents another step in MGE's ongoing transition toward greater use of cleaner energy sources and deep carbon reductions. To meet its customers' future energy and capacity needs, MGE is looking forward to not only adding a portion of Whitetail to its generation portfolio, but additional investments in cost-effective, clean energy projects to maintain its top-ranked electric reliability and to achieve its carbon reduction goals.

Joint Applicants propose to acquire and construct Badger Hollow at an estimated total construction costs of $355.7 million. Joint Applicants proposed to acquire Whitetail after it has achieved commercial operation at a total cost of approximately $221.2 million. Joint Applicants believe the Wind Projects will benefit customers of each utility over the life of the Wind Projects due to several cost advantages associated with them, including zero fuel costs. Joint Applicants' acquisition of the Wind Projects will not: (1) substantially impair the efficiency of their service; (2) provide facilities unreasonably in excess of their probable future requirements; or (3) add to their cost of service without

proportionally increasing the value or available quantity of service, when placed in operation. Wis. Stat. § 196.49(3)(b). Therefore, the application is reasonable and in the public interest, considering alternative supply sources, engineering, economic, safety, reliability, and environmental factors.

II. BACKGROUND

A. Developer

The Wind Projects will be developed by Badger Hollow Wind Farm LLC ("Badger Hollow Wind") and Whitetail Wind LLC ("Whitetail Wind"), which are wholly-owned subsidiary of Invenergy, North America's largest independent, privately-held renewable energy provider. Headquartered in Chicago, with regional development offices in the United States, Canada, Latin America, Japan and Europe. Invenergy develops, builds, owns and operates large-scale energy facilities across four core technologies: wind (117 projects; 18,676 MW), natural gas (13 project, 6,041 MW), Solar (53 projects, 6,693 MW), and battery storage (19 projects; 1,871 MWh). Invenergy's projects are mainly located in the United States, with other projects located in Canada, Japan, Spain, Poland, Scotland and Uruguay.

Invenergy has extensive experience in the development and construction of renewable energy projects, including significant experience with utility-scale wind generation. Invenergy has prior experience developing, constructing and operating generation projects in Wisconsin and has well-developed operations and maintenance ("O&M") functions, including the ability to remotely monitor renewable assets from a central location. Invenergy is also well capitalized and has a proven development record, which provides a measure of assurance that it will deliver a quality project within the required timeline and budget.

B. Description of Facilities

Invenergy has secured land rights for Badger Hollow in the towns of Clifton, Eden and Linden in Iowa and Grant Counties in southwestern Wisconsin. In total, Badger Hollow will generate up to 112 MW using up to 19 wind turbines. Invenergy, on May 20, 2024, filed the Engineering Plan for Badger Hollow Wind. Joint Applicants anticipate Invenergy

will file a CPCN application for Badger Hollow Wind in the near future and that CPCN docket and this application would have their respective reviews completed in generally the same timeframe.

Whitetail Wind will be located within Grant County in southwestern Wisconsin. Whitetail Wind will cover approximately 12,793 acres project site in the towns of Clifton, and Wingville. In total, Whitetail Wind will generate up to 67 MW using up to 21 wind turbines.

The major components of each proposed project include the wind turbine generators, project collector substation, O&M building, underground collection lines, gravel access roads, two meteorological towers, and temporary laydown areas. Construction of the Badger Hollow Wind is scheduled to begin in September 2025 and is expected to be completed by December 31, 2027. Whitetail is expected to achieve commercial operation by July 31, 2027. These in-service dates will allow each of the Wind Projects to qualify for 80% production tax credits ("PTCs") and the Joint Applicants to use the associated capacity to meet their either MISO Planning Year 2027/2028 obligations, as discussed further in confidential Appendix A for Wisconsin Electric and WPSC and confidential Appendix B for MGE.

Joint Applicants acknowledge that the Final Order in Docket 9827-CE-100 for Badger Hollow will likely contain conditions, requirements, and reporting obligations that are materially similar to conditions ordered in other recent utility-scale CPCN dockets. Should those conditions, requirements, and reporting obligations be materially similar to conditions ordered in other recent utility-scale CPCN dockets the Joint Applicants would accept them.

C. Facility Operations

Under Operation and Maintenance ("O&M") Agreements with Joint Applicants, the Wind Projects will be operated by Invenergy Services, LLC ("Invenergy Services"). Invenergy Services is staffed with experienced industry personnel and combines asset

management, operations, maintenance and commercial execution functions to provide a single, comprehensive solution to asset management.

Invenergy Services' experienced and highly-skilled personnel operate more than 21,000 MW of wind, solar, natural gas and battery storage projects, including over 8,000 MW owned by third parties. Additionally, Invenergy Services is committed to developing positive relationships with communities where projects are located by hiring approximately 70% of O&M personnel locally as well as giving back to the community through contributions of volunteer time and charitable donations to local organizations and events. Invenergy's fleet-wide resource availability was more than 97% since 2016 – among the best in the industry in North America.

Permits

1.1 Permits and Approvals

A CPCN application will be filed by Invenergy seeking permission from Commission to construct Badger Hollow Wind in docket 9827-CE-100.

Whitetail has already obtained local zoning approval by Grant County and the Towns. The town boards recommended approval of the conditional use permit by the county on August 1, 2023. After a public hearing, the Grant County Conservation, Sanitation and Zoning Committee approved the conditional use permit at the public hearing August 1, 2023. There was no opposition to the project registered at the August 1, 2023 public hearing. Joint Applicants have requested copies of the permits and supporting materials for in-process and approved permits. Joint Applicants will file them with the Commission to support this application once these materials have been provided.

Table 1-1 below provides a preliminary list of permits and regulatory approvals assumed necessary for the Whitetail project.

Table. 1-1: Preliminary Permit List

Agency		Name and Type of Permit	Status
Federal	Federal Aviation Administration	FAA Determinations	Received 9/4/2024.
		Marking and Lighting Recommendations	Not started pending advanced design.
	Federal Communications Commission	Antenna Structure Registration	In process.
		Land Mobile Radio Location License	In process.
	United States Department of Defense	Concurrence of no impacts	In process.
	United States Department of Commerce – National Telecommunications and Information Administration	NTIA Letter of Concurrence	Complete.
	United States Army Corps of Engineers	Section 401 Water Quality Certification	Not currently required.
		Section 404 Wetland Permit	Not currently required.

		Section 10 Waterway Permit	Not currently required.
	United States Fish and Wildlife Service	Endangered Species Act Review	Not currently required.
State	Wisconsin Public Service Authority	Certificate of Authority	Application Filed
	Wisconsin Department of Natural Resources	Wetland Fill Permit (Wis. Stat. Ch. 281)	Not currently required.
		Construction Affecting Navigable Waterways (Wis. Stat. Ch. 30)	Not currently required.
		Wisconsin Pollutant Discharge Elimination System Pit/Trench De-Watering (Wis. Stat. Ch. 283)	Not started pending advanced design.
		Wisconsin Pollutant Discharge Elimination System Construction Stormwater General Operating Permit (Wis. Stat. Ch. 283, Wis. Admin. Code Ch. NR 216 & NR 151)	Not started pending advanced design.
		Incidental Take of Threatened or Endangered Resource (Wis. Stat. Ch. 29)	Not currently required.
		Private Well Notification Number	Not started pending advanced design.
	Wisconsin Department of Transportation	Oversize-Overweight Vehicle Permit	Not started pending advanced design.
		Connection Permit	Not started pending advanced design.
		Right-of-Way Permit	Not started pending advanced design.
		Utility Permit	Not started pending advanced design.

		High Structure Permit	Not started pending advanced design.
	Wisconsin Department of Safety and Professional Services	Electrical and Plumbing Plan Review	Not started pending advanced design.
Local	Grant County	Conditional Use Permit	Granted August 1, 2023
		Road Use Agreement	Executed February 27, 2024
Towns	Town of Clifton	Road Use Agreement	Executed February 14, 2024
	Town of Wingville	Road Use Agreement	Executed March 4, 2024

III. REQUESTED AUTHORIZATION

As noted above, a CPCN application will be filed by Invenergy seeking permission from Commission to construct Badger Hollow Wind in docket 9827-CE-100. Joint Applicants seek in this application, Commission approval to acquire Badger Hollow Wind, including its CPCN, and to construct Badger Hollow Wind.

Because Whitetail has less than 100 MW of nameplate generating capacity, the project does not require a CPCN. Additionally, Joint Applicants are proposing to acquire the project after construction has been completed and it has achieved commercial operations. Therefore, this Application for a Certificate of Authority focuses on Joint Applicants' needs for the capacity and energy that will be produced by Whitetail, as well as the economic justification for acquiring the project. Wisconsin Stat. §196.49(3)(b) states that the Commission may refuse to certify a project only if it appears that the project will do any of the following:

1. Substantially impair the efficiency of the service of the public utility.
2. Provide facilities unreasonably in excess of the probable future requirements.
3. When placed in operation, add to the cost of service without proportionately increasing the value or available quantity of service.

Joint Applicants' acquisition and construction of Badger Hollow and acquisition of Whitetail will have none of these consequences.

The acquisition and construction of Badger Hollow and acquisition of Whitetail will not impair the efficiency of the utilities' service. In fact, the project will enhance efficiency by providing a highly-reliable, high capacity-accredited renewable resources, significantly improving Joint Applicants' resource diversity.

The proposed acquisition and construction of Badger Hollow and acquisition of Whitetail will not provide facilities unreasonably in excess of probable future requirements. Joint Applicants need capacity to meet current and anticipated future customer requirements. These needs are addressed in confidential Appendices A (for Wisconsin Electric and WPSC) and B (for MGE).

Further, the Wind Projects will provide energy at no additional incremental cost (*i.e.*, no fuel cost). Though energy is currently available in the market at relatively low cost, the project will provide a valuable hedge against the potential for higher energy costs in the future.

Joint Applicants' acquisition and construction of Badger Hollow and acquisition of Whitetail will not add to the cost of service without proportionately increasing the value or available quantity of service. Joint Applicants independently evaluated the expected costs of acquisition and construction of Badger Hollow and acquisition of Whitetail relative to the alternatives of meeting energy and capacity needs with other resources. These economic analyses are discussed in greater detail in confidential Appendices A (for Wisconsin Electric and WPSC) and B (for MGE).

Moreover, in conjunction with the retirement of older generating assets and the expiration of PPAs, Joint Applicants can accomplish the acquisition and construction of Badger Hollow and acquisition of Whitetail with minimal rate impact in the first year of project operation. Each Joint Applicant will reflect its portion of the approximately $355.7 million[1] for Badger Hollow's acquisition and construction and $221.2 million for Whitetail's in its rate base. Joint Applicants seek approval to acquire Badger Hollow at a cost of up to

[1] Joint Applicants' request also includes earning AFUDC on 100% of the CWIP balance during construction of Badger Hollow. The estimated AFUDC for Badger Hollow it will be $21.6 million for Wisconsin Electric, $2.4 million for WPSC and $2.5 million for MGE.

110% of this amount. To the extent the cost of Badger Hollow's costs exceed this threshold, Joint Applicants propose that they be required to promptly notify the Commission and seek further Commission review and approval.

For Badger Hollow, each of the Joint Applicants' acquisition and construction of Badger Hollow and acquisition of Whitetail have two principal components, which are embodied in an asset purchase agreement ("APA"), and an engineering, procurement and construction ("EPC") agreement. The APA establishes a fixed price that Joint Applicants will pay for a defined set of assets, including land agreements, transmission interconnection rights, and permits. The EPC is a "turnkey" contract that sets a price for a defined scope of work; however, changes in scope due to conditions that cannot be known until construction starts may result in increases to the EPC contract price.

The Purchase and Sale Agreement ("PSA") for Whitetail will establish a fixed price that Joint Applicants will pay for the defined set of assets that make up the project, including land agreements, transmission interconnection rights and permits. However, the fixed price will be subject to certain unanticipated scope changes or force majeure events that are beyond the parties' control that could increase the cost to complete the project. Therefore, Joint Applicants believe that it is reasonable for the Commission to authorize the 110% allowance.

Finally, Joint Applicants submit that the proposed transactions are consistent with the public interest and should be approved.

IV. JUSTIFICATION FOR TRANSACTION

Each of Joint Applicants have a need for long-term capacity and energy resources. Due to the complementary timing of Joint Applicants' needs, they were able to take advantage of the scale and scope of this project to achieve cost-saving efficiencies for the benefit of their respective customers. Each Joint Applicant evaluated the potential options for filling their needs independently as noted in confidential Appendices A (for Wisconsin Electric and WPSC) and B (for MGE).

For Wisconsin Electric and WPSC, the acquisition and construction of Badger Hollow and acquisition of Whitetail are important steps to ensure compliance with pending EPA

rules, meet load growth needs, and to continue their respective efforts to transition their combined generation fleet to support a clean, reliable future by investing nearly $8 billion in low-cost and highly efficient and state-of-the-art natural gas generation, renewable generation and storage resources in Wisconsin. Overall, these clean energy investments will not only transition the combined Wisconsin Electric and WPSC generating fleet, and assist in reducing CO_2 emissions by 80% from 2005 levels by 2030, they are also expected to save customers over $2 billion over the 20 years as compared to the available alternative. Badger Hollow is specifically expected to provide customers with net benefits of approximately $17 million, on a net present value basis. Whitetail is specifically expected to provide customers with net benefits of approximately $12 million, on a net present value basis.

For MGE, acquisition and construction of Badger Hollow and acquisition of Whitetail represents another step in its ongoing transition toward greater use of cleaner energy sources and deep carbon reductions. MGE expects to achieve carbon reductions of 80% by 2030, and the acquisition and construction of Badger Hollow and acquisition of Whitetail will help the company achieve this goal in a cost-effective manner.

A. Economic Analysis and Justification

Joint Applicants recognize there are inherent risks and uncertainties that all utilities face in making long-term electric resource planning decisions in an environment that involves considerable change and uncertainty related to projecting future fuel costs, capital costs, technology advancements, environmental regulations, etc.. However, based on each Joint Applicant's needs analysis and the relative size of the project for each of the Joint Applicants, they are confident that the acquisition and construction of Badger Hollow and acquisition of Whitetail are prudent steps to meeting each of the utilities' needs in a cost-effective manner.

In the near term, the cost-effectiveness of acquiring and constructing Badger Hollow and acquiring Whitetail specifically, and utility-scale renewable energy resources more generally, are expected to be driven by reductions in the installed costs of wind-powered electric generating systems; improvements in renewable technology performance in the

form of increased capacity factors for wind; and production and investment tax credits that are available now but will be gradually phased out in the coming years.

At the same time, renewable resources provide a hedge against uncertainty in future delivered fossil fuel costs while also serving to mitigate the potential risks and costs attributable to possible future regulation of CO2 emissions.

B. Utility Ownership Versus PPA

One option to secure capacity would be to enter into a PPA with a developer. However, doing so would deprive customers of several important benefits of utility ownership. Joint Applicant's acquiring and constructing Badger Hollow and acquiring Whitetail would permit customers to benefit from Joint Applicants' ability to: (1) avoid future site development costs; (2) hedge energy costs; and (3) avoid negative implications of a debt-structured PPA on Joint Applicants' balance sheets, and ultimately customer rates.

First, if Joint Applicants are permitted to own the Wind Projects, it will provide a continuous source of renewable energy for at least 30 years. This is optimal considering the challenges that utilities face in locating viable wind sites and obtaining necessary land-use permits. Invenergy has already located the sites, obtained – or is in the process of obtaining – necessary permits, entered into interconnection agreements, and developed a plan to build the required infrastructure. Upon the acquisition of Badger Hollow Wind all permits will be transferred to Joint Applicants. In the future, the Wind Projects could be reutilized to provide extended service without requiring an outlay of development costs, such as the costs incurred in obtaining Commission and transmission-provider approval for the site. Thus, the facility is preferable to a potential greenfield project that would require Joint Applicants to incur such development costs.

Second, permitting Joint Applicants to proceed with the acquisition and construction of Badger Hollow and acquisition of Whitetail, the Wind Projects would allow them to hedge against an uncertain energy future. At the end of wind turbines' useful economic life, Joint Applicants could determine whether it would be more beneficial to install new wind turbines or derive exceptionally inexpensive energy from the existing technology—albeit at a lower output—once fully depreciated. By owning the Wind Projects, Joint

Applicants would be able to control these decisions and customers would reap the economic benefits of any future redevelopment.

Finally, utility ownership would allow customers to avoid additional costs by offsetting the negative impacts of the debt-like PPAs on Joint Applicants' balance sheets.

C. Choice of Projects

Because Joint Applicants' analysis identified wind as the appropriate technology to meet a portion of their capacity needs, Joint Applicants sought to identify the appropriate wind projects in which to invest. Joint Applicants are regularly approached by local, regional and national developers seeking to build wind facilities. Joint Applicants focused on finding a cost-competitive project, at a premier site, offered by highly experienced developers with track records of success in such projects. The Wind Projects were identified as such projects, and Invenergy was determined to be an appropriate partner based on its:

- Significant Wind development experience;
- Effective land owner/public relations functions;
- Wisconsin permitting experience;
- Large utility-scale Wind experience, including Joint Applicants' experience pursuing similar projects with Invenergy in the past;
- Identification of high quality Wisconsin site(s);
- Ability to obtain timely site control;
- Ability to proceed on schedule to achieve full PTC or ITC benefit;
- Ability to qualify for federal tax credits by meeting prevailing wage and apprenticeship requirements of the IRA.
- MISO queue position;
- Company longevity;

- O&M capabilities and experience;
- Remote monitoring capabilities; and,
- Lack of third party financing or foreign ownership.

D. The Price of the Facilities Is Competitive in the Market

There is an active market for wind projects and Joint Applicants understand that the Wind Projects are not only competitive within the market, but offers highly favorable economics based on Joint Applicants' evaluation of projects of comparable size available in the MISO Zone 2.

E. The Acquisition Will Deliver Important Qualitative Benefits

In addition to the Wind Projects' quantifiable economic benefits, they will provide other benefits to customers by enhancing the technological and fuel diversity of Joint Applicants' electric generation resource portfolios. The addition of these no-fuel and zero emission resources will serve as a price hedge against future increases in fossil fuel costs and the cost of complying with future environmental regulations. Additionally, acquiring and constructing Badger Hollow and acquiring of Whitetail will allow Joint Applicants and their customers to mitigate the risk of any future potential and currently unknown costs associated with fossil fuel based electric generation facilities, including avoiding future costs that could be imposed due to carbon emission legislation on the dispatch of generation resources, taxes or other regulation over the life of the facility.

V. RATE ANALYSIS

Using reasonable assumptions (described in confidential Appendices A – for Wisconsin Electric - and B for MGE), Joint Applicants forecast that acquiring and constructing Badger Hollow and acquiring of Whitetail as part of their long-term strategies to transition their generating fleets will result in significant customer savings over the life of these investments when compared with continuing to invest in and operate their existing generation fleets.

For Wisconsin Electric and WPSC, the Generation Reshaping Plan of which the Wind Projects is an important element, will not only transition their combined generating fleet, will not only aid in the continued transition of their combined generating fleet, but also meet growing energy and capacity needs while providing customers over $2 billion of savings over the 20 years as compared to available alternatives. Furthermore, Badger Hollow is specifically expected to provide customers with net benefits of approximately $17 million, on a net present value basis, and Whitetail is specifically expected to provide customers with net benefits of approximately $12 million, on a net present value basis.

VI. SIGNIFICANT CONTRACTS

Joint Applicants are in the process of negotiating commercial contracts with Invenergy that will allow them to acquire the Wind Projects' generating capacity, as well as agreements among themselves that will govern their joint ownership of the Wind Projects.

Under the Badger Hollow APA, Joint Applicants will acquire project development rights for 118 MW of wind generating capacity. The acquired assets will include transmission interconnection rights; the real property rights necessary to site of Badger Hollow; all permits including the CPCN—as issued to Invenergy—and other federal, state and local permits; contracts relating to the ownership, leasing, licensing, construction, operation and maintenance of Badger Hollow; books and records; and any causes of action relating to Badger Hollow. Joint Applicants will acquire interests in Badger Hollow's common facilities and other assets proportional to Joint Applicants' shares of Badger Hollow's total generating capacity. To address construction of Badger Hollow, Joint Applicants are negotiating an EPC agreement with Invenergy. Under this contracts, Invenergy will construct Badger Hollow, according to specifications approved by Joint Applicants.

Under the Whitetail PSA, Joint Applicants will acquire project assets for 67 MW of wind generating capacity once the project construction is completed and the project has achieved commercial operation. The acquired assets will include wind turbine generators, project collector substation, O&M building, underground collection lines, gravel access

roads, two meteorological towers, generator interconnection agreement, real property rights, all permits, and books and records. Joint Applicants will acquire interests in Whitetail's common facilities and other assets proportional to Joint Applicants' shares of the Whitetail's total generating capacity.

Receipt of Commission approval of this application, including Joint Applicants' acquisition of the CPCN for Badger Hollow and all permits for Whitetail and other necessary governmental approvals along with successful completion of construction of the Whitetail project will be a precondition to closing on the acquisition of the Wind Projects by the Joint Applicants.

Joint Applicants will also be negotiating O&M Agreements with Invenergy Services for the Wind Projects. Under these agreements, Invenergy Services will provide the vast majority of day-to-day operations and maintenance services for the Wind Projects. The O&M Agreements will be between the O&M Provider and Wisconsin Electric, and Wisconsin Electric will act as the agent for WPSC and MGE under this agreement.

Finally, Joint Applicants will jointly own and operate the Wind Projects under Joint Ownership Agreements. Joint Applicants expect to finalize all of these agreements upon receiving Commission approval.

VII. OTHER CONSIDERATIONS

A. Benefits to the Local Community

Local communities will benefit from Wisconsin shared revenue payments received by the towns and county where the Wind Projects will be located. Further, the project will boost employment, both during and after construction.

B. Wisconsin Environmental Policy Act

This action is subject to the terms of the Wisconsin Environmental Policy Act, Chapter 274, section 1, laws of 1971 and Wis. Stats. § 1.11. The proposed project is categorized as a Type III action under § PSC 4.10(3), Wis. Admin. Code, and does not normally require the preparation of an Environmental Assessment or Environmental Impact

Statement by Commission staff. See Wis. Admin. Code, Ch. 4, Table 3 (listing "Purchase, sell or transfer utility property" as a Type III Action).

Type III actions are proposed actions involving requests for Commission approval that do not have the potential to significantly affect the quality of the human environment within the meaning of Wis. Stat. § 1.11 (2)(c). As such, they do not normally require an environmental impact statement. *See* Wis. Admin Code § 4.10(3). Therefore, environmental screening information is not included with this application. In any event, the project developer has already received or is in the process of acquiring all required local permits, including for the CPCN, for Badger Hollow. The developer has already received or is in the process of acquiring all required local permits for Whitetail as this project does not require a CPCN. Joint Applicants will work with Commission Staff to provide environmental impact information needed for their review of these Type III projects.

C. Energy Priorities Law

Wis. Stat. § 196.025(1)(ar) states: "to the extent cost-effective, technically feasible and environmentally sound, the Commission shall implement the priorities under § 1.12 (4) in making all energy-related decisions and orders." Wis. Stat. § 1.12 (4) establishes the following priorities:

(4) PRIORITIES. In meeting energy demands, the policy of the state is that, to the extent cost-effective and technically feasible, options be considered based on the following priorities, in the order listed:

(a) Energy conservation and efficiency.

(b) Noncombustible renewable resources.

(c) Combustible renewable energy resources.

(cm) Advanced nuclear energy using a reactor design or amended reactor design approved after December 31, 2020, by the U.S. Nuclear Regulatory Commission.

(d) Nonrenewable combustible energy resources in the order listed:

1. Natural gas.

2. Oil or coal with sulfur content of less than 1 percent.

3. All other carbon-based fuels.

Wis. Stat. § 196.025(1)(b)1. further provides: "In a proceeding in which an investor-owned electric public utility is a party, the Commission shall not order or otherwise impose energy conservation or efficiency requirements on the investor-owned electric public utility if the commission has fulfilled all of its duties under § 196.374 and the investor-owned electric public utility has satisfied the requirements of § 196.374 for the year prior to the commencement of the proceeding, as specified in § 196.374(8)."

Joint Applicants have satisfied all the requirements of Wis. Stat. § 196.374(8). Therefore, the Commission may not require energy efficiency or conservation in connection with the Wind Projects. The Winds Projects are noncombustible renewable resource, which is the second-highest energy priority, and energy conservation and efficiency would be insufficient to offset the need for capacity demonstrated in confidential Appendices A (for Wisconsin Electric and WPSC) and B (for MGE). Thus, Joint Applicants' acquisition and construction of the Wind Projects satisfies Wisconsin's Energy Priorities Law.

D. Brownfield Site Consideration

Joint Applicants are not aware of any Wisconsin brownfield sites that would be of sufficient size and would meet the siting criteria for land and electric infrastructure for the Wind Projects.

E. Affiliated Interest Issues

The Whitetail purchased assets and Badger Hollow Wind will include a GIA with the American Transmission Company, LLC ("ATC"). While the GIA will be a jointly-owned asset, a GIA with ATC can only have one counterparty, which will be Wisconsin Electric

as project manager. Because ATC is an affiliate of Wisconsin Electric, under Wis. Stat. § 196.52(3), these arrangements will require Commission approval as affiliate transactions, which will be requested in separate applications.

The Wind Projects will also require Joint Ownership Agreements between Joint Applicants. Because Wisconsin Electric and WPSC are affiliates, under Wis. Stat. § 196.52(3), these arrangements will require Commission approval as affiliate transactions, which will be requested in separate applications.

F. Effect on Wholesale Energy Competition

Ownership of the Wind Projects will have no effect on wholesale market competition. The Wind Projects will be located in the MISO energy market, which includes over 130,000 MW of generation. The Wind Projects consist of 185 MW of wind generation capacity. The amount of generation owned by Joint Applicants will actually be reduced in coming years because Wisconsin Electric has announced and as of May 31, 2024 started the process to retire [redacted] MW[2] of capacity at the Oak Creek Power Plant units. WPSC has an ownership interest in the Columbia Power Plant, and Wisconsin Power and Light as the principal owner has announced the expected retirement of this facility in mid-2026, which will eliminate [redacted] MW[3] of capacity for WPSC. Likewise MGE plans to retire over 250 MW of capacity through a combination of expiring PPAs and retirements of older, legacy assets.

G. Decommissioning and Restoration

Decommissioning includes removal of turbines, towers, and service building and the removal of concrete foundations to four feet below grade. Underground cables are left in place (after being cut off well below grade) because removing them would cause more disruption to the land than abandoning them in place. The land used for the wind turbines and associated equipment will be restored to its original condition. Roads may be left intact, at the landowner's request.

Restoration typically includes grading and replanting areas where foundations, roads and buildings were located after they have been removed. Removed parts can either be sold

[2] Measured on an ICAP basis, the UCAP value is [redacted] MW.

[3] Measured on an ICAP basis, the UCAP value is [redacted] MW.

into the used wind turbine market (where turbines are reconditioned and resold), sold for their scrap value, or disposed of. If a secondary market for the used equipment is not available, it would be typical for the tower, frame, bearings, gearbox, and generator to be recycled as scrap metal, and the fiberglass components such as blades and the nacelle cover to be cut down in size and disposed of.

The Joint Applicants estimate the cost of decommissioning the wind turbines will be negligible, net of scrap value. Steel from the towers will be sold as scrap metal to offset the expenses of removing the towers, foundations and access roads. There would of course be no removal costs incurred by customers if the Wind Projects' sites are redeveloped as discussed in Section VII.

H. Method of Financing

The cost of the project will be met from internal sources or the issuance or sale of securities by each of Joint Applicants.

VIII. SCHEDULE

September 30, 2024
- File Application with Commission

September 1, 2025
- Receive Commission authorization and written Order

September 30, 2025
- Notify Invenergy to proceed with Whitetail
- Close on acquisition of Badger Hollow
- Execute Badger Hollow EPC Agreement
- Commence Badger Hollow construction.
- Execute O&M Agreements

July 31, 2027
- Whitetail achieves Commercial Operation and Joint Applicants close on acquisition of the project

December 31, 2027
- Badger Hollow begins Commercial Operation

IX. CONCLUSION

As explained in this Application, the Wind Projects will provide a zero-fuel-cost, zero-emission capacity and energy resources for Joint Applicants' customers for many years to come. The project represents the most cost-effective means of meeting Joint Applicants' long-term capacity needs, and utility ownership of the facilities will deliver value to customers.

As such, Joint Applicants request that the Commission grant the necessary approvals under Wis. Stat. § 196.49(3)(b) and any other necessary consents and approvals, including:

1) Authorizing Joint Applicants to acquire Badger Hollow and include the acquisition and construction costs, inclusive of AFUDC on 100% of the CWIP balance, in rate base;
2) Authorizing Joint Applicants to acquire Whitetail and include the acquisition costs, in rate base;
3) Authorizing the affiliate transactions between Wisconsin Electric and ATC for interconnecting the Wind Projects to the transmission system; and
4) Authorizing the affiliate transactions between Wisconsin Electric and WPSC for Joint Ownership and Operating Agreements

Joint Applicants request a written Order including these requested approvals by no later than September 1, 2025 in order to allow commercial operation to be achieved for Badger Hollow by the end of December 2027 and Whitetail by the end of July 2027 so that the facilities can be used to meet Joint Applicants' need requirements for starting with the second half of the MISO 2027 / 2028 Capacity Planning Year. Applicants further note that the developer would only guarantee its pricing and other terms within the Badger Hollow APA and EPC agreement and the Whitetail PSA until September 30, 2025. If a written order allowing the acquisitions is not issued by September 1, 2025, there is a significant risk that construction costs will increase, causing the costs for this project borne by ratepayers (if this application is approved) to be increased.