



955 Jefferson Ave.  
Valley Forge Corporate Center  
Norristown, PA 19403-2497

Terry Boston  
President and CEO  
610.666.8262  
610.666.4281 | FAX

December 24, 2010

William F. Fields  
**Maryland Office of People's Counsel**

Chris Thomas  
**Citizens Utility Board of Illinois**

Janine Midgen-Ostrander  
**Office of the Ohio Consumers' Counsel**

Byron Harris  
**PSC of West Virginia**

C. Meade Browder Jr.  
**Virginia Division of Consumer Counsel**

Brian O. Edmonds  
**Office of the People's Counsel for the District of Columbia**

Michael D. Sheehy  
**State of Delaware Public Advocate**

Stefanie A. Brand  
**New Jersey Division of Rate Counsel**

To the States' Consumer Advocates:

Thank you for your November 24<sup>th</sup> letter regarding PJM's 2010 regional transmission expansion plan (RTEP) analysis of the Potomac-Appalachian Transmission Highline project (PATH Project) and alternative transmission expansion projects to the PATH Project. Your letter was posted on PJM's website and reviewed by the PJM Board.

You specifically raised concerns about the Mt. Storm-Doubs project. I want to assure you that PJM did perform a detailed analysis of this project, which was reviewed at the May 27, 2010 meeting of the Transmission Expansion Advisory Committee (TEAC) and later, as part of the four Dominion Virginia Power Alternatives, at the November 10, 2010 TEAC meeting.<sup>1</sup> PJM staff explained that the analysis showed the Mt. Storm-Doubs rebuild -- by itself -- would resolve only the overload on the Mt. Storm-Doubs line, and would not solve the other expected reliability violations in the region. PJM will continue to analyze the Mt. Storm-Doubs project and other projects throughout 2011, recognizing that key assumptions do evolve. As always, we will share future analysis with stakeholders on a regular basis.

You also expressed concerns about the evaluation of costs for PATH and alternative projects. As you know, PJM retained a contractor to evaluate a leading alternative, the Liberty project. Because their analysis concluded that the Liberty project could not be completed by 2015 -- which, at that time, was the in-service date required to avoid reliability violations for our region -- PJM decided not to spend additional dollars for the contractor to compare the projected costs of PATH and Liberty.

---

<sup>1</sup> A summary of this analysis is posted at: <http://www.pjm.com/~media/committees-groups/committees/teac/20101110/20101110-reliability-and-market-efficiency-update.ashx>.



955 Jefferson Ave.  
Valley Forge Corporate Center  
Norristown, PA 19403-2497

Terry Boston  
President and CEO  
610.666.8262  
610.666.4281 | FAX

We do, however, recognize your concerns and we agree that a meaningful comparison of project costs requires the use of similar assumptions. PJM staff has discussed recently at several meetings of the Regional Planning Process Working Group the concepts underlying a refined methodology to evaluate project costs on an equal basis. We anticipate further, more detailed discussion at future stakeholder meetings, and we will endeavor to work with you on this matter and other ways to improve our RTEP analysis.

Finally, PJM just released a preliminary 2011 Load Forecast Report and we will soon post a final report that incorporates the latest estimates for economic growth, which obviously impacts the load forecasts. As you know, the PATH sponsors are seeking delay in siting proceedings in order to evaluate this 2011 Load Forecast Report and any impacts on the required in-service date.

PJM has a responsibility to plan future infrastructure in a transparent way. We believe the RTEP process demonstrates our commitment for thorough public review and consideration of stakeholder input. As always, we welcome further discussion with you on these matters and we appreciate your continued involvement in PJM's planning process.

Sincerely,

A handwritten signature in black ink that reads 'Terry Boston' in a cursive script.

Terry Boston