



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

June 29, 2011

Douglas S. Kaplan
Sugarloaf Conservancy
8424 Peters Road
Frederick, MD 21704

Re: Potomac-Appalachian Transmission Highline (PATH) Project

Dear Mr. Kaplan:

On behalf of the Pennsylvania Public Utility Commission (Commission) Chairman Robert F. Powelson, I am responding to your letter dated May 22, 2011 to the Commission requesting that we file a complaint under Section 206 of the Federal Power Act (FPA) seeking abandonment of the PATH Project and cessation of incentives not related to those incentives allowed under abandonment provisions.

As you know, this Commission is an active participant in the PATH formula rate proceeding still pending before the Federal Energy Regulatory Commission (FERC) at Docket No. ER08-386-000. The Commission is one of several parties which sought rehearing of FERC's February 29, 2008 Order.

The FERC granted rehearing and instituted settlement procedures by Order issued November 19, 2010. Settlement discussions are continuing.

On June 3, 2011, PATH filed an update to its formula rate for the year ended Dec. 31, 2010, reducing its actual transmission revenue requirement by \$4,899,780.42. In that filing, PATH noted:

On February 28, 2011, PJM Interconnection, L.L.C. (PJM) announced that it had decided to hold this project in abeyance in its 2011 Regional Transmission Expansion Plan (RTEP) and directed First Energy and AEP to suspend current development efforts on the project, subject to those activities necessary to maintain the project in its current state, while PJM conducts more rigorous analysis of the potential need for the project as part of its continuing RTEP process. PJM further stated that its action did not constitute a directive to First Energy and AEP to cancel or abandon the project. Following the PJM announcement, the West Virginia Public

Service Commission granted a motion by PATH-WV and PATH-Allegheny to withdraw their application for authorization to construct the PATH Project in West Virginia. In addition, The Potomac Edison Company filed a notice of withdrawal of its application for authorization to construct the PATH Project in Maryland with the Maryland Public Service Commission. The notice was effective upon filing. In Virginia, the Virginia State Corporation Commission has granted the motion of PATH Allegheny Virginia Transmission Corporation to withdraw its application for authorization to construct the PATH Project in Virginia.

In general, the decision to abandon a transmission project is at the instance of the project developer. While this project has been suspended by the developer, it continues to be studied by PJM as part of the regional transmission planning process.

Should you believe that PATH or PJM has violated any statute or FERC order or rule with respect to this project, you are entitled to file a complaint pursuant to Section 206 of the Federal Power Act alleging such violation and requesting appropriate relief.]

Thank you for your interest in this matter.

Sincerely,

A handwritten signature in blue ink that reads "Denise McCracken".

Denise McCracken

Press Secretary

Pennsylvania Public Utility Commission