

Sugarloaf Conservancy

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January 15, 2012

Dear Delegate:

On October 31st, in a letter (attached for convenience) to all members of the Maryland General Assembly, Sugarloaf Conservancy requested our elected officials take the appropriate action to empower or mandate that a state agency coordinate a study on the rebuilding of transmission lines instead of the current practice of waiting until a need for additional transmission capability is so great, the only course of action is to build a new line.

Sugarloaf Conservancy would like to thank everyone who responded to our previous letter. We especially appreciate Senator Rob Garagiola sending a letter to the PSC on our behalf. The attached response from Douglas R.M. Nazarian, Chairman of the PSC, confirms our position that this issue can only be addressed by the passage of legislation. In Mr. Nazarian's response, he states that PJM, the regional grid operator, does not consider the rebuilding of transmission lines unless "lines reach the end of their useful life or when they become overloaded..." He further wrote, "In the case of an area with multiple overloaded lines, new lines are more likely to be built."

This is exactly the situation the citizens of Maryland, Virginia and West Virginia faced when PATH announced their project. The lack of need for PATH was eventually confirmed by PJM: however the acknowledgement did not occur for almost three years and only after Dominion Virginia Power (DVR) raised the issue of the rebuilding of the Mt. Storm to Doubs (MSD) transmission line.

As discussed in our previous letter, it is important to note that the rebuilding of the MSD line by DVR will increase the capacity over their 96.4 miles of the line by 66%. The benefit from rebuilding the Virginia portion of this line will not occur unless First Energy obtains a CPCN from the Maryland PSC to rebuild their 2.86 mile portion. To date, they have not filed such a request.

The MSD rebuild clearly demonstrates a need for a change in the way additional transmission capability is evaluated. The rebuilding of outdated lines, even if they are not currently overloaded or near the end of their useful life, could possibly eliminate the need for the confiscation of property through the use of Eminent Domain. It is also likely that the rebuilding of existing lines would be less costly and thus, would save Maryland ratepayers in their electric bills.

Public policy should validate this position through legislation. A recent Order by FERC (No. 1000, July 21, 2011), states, "The Final Rule requires consideration of public policy requirements in local and regional transmission planning processes..." "Specifically, the process must be open, transparent, provide opportunities for stakeholder coordination and consultation, and there must be a mechanism within the process for evaluation of alternative transmission and non-transmission solutions." In the ruling, the definition of public policy is defined as "enacted statutes and regulations promulgated by a relevant jurisdiction, whether within a state or at the federal level."

Sugarloaf Conservancy asks for your support to help protect Maryland property owners and ratepayers. The letter from the Maryland PSC is clear; **no entity** is considering the rebuilding of outdated lines as an alternative to new projects. The utility companies likewise are avoiding this issue, including First Energy who to date has not responded to our letter (see attached). It is likely that even if a small portion of the lines statewide were rebuilt in the coming years, when the economy finally recovers, the necessary transmission lines would be updated and ready.

Thank you for your consideration, I would be happy to discuss this matter in an appropriate forum or with you individually (doug.kaplan@sugarloafconservancy.org or 301-874-0584).

Sincerely yours,

Douglas S. Kaplan
President