

**FrederickNewsPost.com****Utility firms enhance merger request; PJM supports PATH**

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A settlement was filed Wednesday on issues raised in the merger case before the Maryland Public Service Commission for two utility companies.

FirstEnergy and Allegheny Energy filed the settlement, which includes customer credits of \$6.5 million, an increase of \$4 million from the initial filing in May for the merger.

The settlement also maintains the commitment to locate a regional headquarters in Potomac Edison's Maryland service territory, reliability enhancements and support for the development of new renewable energy resources in Maryland.

Also on Wednesday, PJM Interconnection, which oversees power needs in the region, has authorized \$1.25 billion in transmission upgrades and reaffirmed its support for the Potomac-Appalachian Transmission Highline.

The five members of the PSC were in Frederick on Tuesday night to hear public input on the \$8.5 billion merger of FirstEnergy, based in Ohio, and Allegheny Energy, based in Pennsylvania.

The companies hope to close the merger by mid-2011. At the Frederick hearing, several speakers emphasized the need to move away from coal-fired power plants, which provide most of the generation for Allegheny Energy. Wind power has been noted as an alternative, and last week the U.S. Department of the Interior said it would expedite permits for wind-generation equipment and system along the Atlantic coastline.

In the merger settlement on Wednesday, the utility companies signed the documents along with the state of Maryland, Maryland Energy Administration, Maryland Department of the Environment, Maryland Industrial Customers, Utility Workers of America, AFL-CIO, the Board of County Commissioners of Washington County and municipal governments in Hagerstown, Thurmont and Williamsport.

The settlement states that consumers will benefit from customer credits in the ratemaking process; a reduction in cost for customers for the EmPower Maryland programs designed to conserve energy; assistance in the development of renewable energy projects with an average annual output of 13,000 megawatt-hours or megawatt equivalent; and reliability commitments aimed at reducing the duration of outages.

PJM's approval will include rebuilding of the 500-kilovolt line between Mount Storm, W.Va., substation and Doubs substation in Maryland at an estimated cost of \$370 million. The capacity of the line will increase by more than 60 percent.

"In addition, after reviewing several options, the board reaffirmed the need to move ahead with the PATH project," said Michael J. Kormos, senior vice president of operations for PJM, in a statement. "The project is the most robust solution to the reliability needs we identified."

Allegheny Energy and American Electric Power, partners in the \$2.1 billion PATH project, say the line is needed to ensure reliable service to the region. The 275-mile project would cross three states and end with a substation near Mount Airy. The utility companies are looking at June 2015 for PATH to be in service.

Opposition has come from several organizations and residents along the PATH route and at around the substation's proposed location.

The line would be a 765-kilovolt line ending at the substation site on Bartholow's Road.

The substation, about the size of the Pentagon, has been the focus of a number of lengthy meetings in Frederick.

Plans for PATH and the substation were both voted down unanimously by the Frederick County Planning Commission, based on the commission's statement that the project did not fit the county's comprehensive plan.

The county's Board of Zoning Appeals voted 2-1 to deny an exception that would allow the substation to locate in an agricultural zone.

That decision may end up in court as the utility company has argued that the PSC and not the county has authority over the

substation.

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