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July 25, 2011

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

Dear Mr. Kaplan:

This letter is in response to your request for the Attorney General's office to file a Section 206 Complaint with the Federal Energy Regulatory Commission (FERC) asking that the Potomac-Appalachian Transmission Highline (PATH) Project be considered abandoned.

Currently the project is in abatement and is only receiving a Return on Equity (ROE) on the amount it has spent in PATH development so far and any costs related to keeping the project in its current state. If the Attorney General's office would file a complaint to move the project into abatement, it would stop all preparation on the line and allow PATH's development companies to be reimbursed for costs incurred so far. While this would seem to save West Virginia consumers money, two important factors must be considered:

First, would any real savings be achieved if the PATH Project is abandoned and PJM's projections prove to be wrong? Abandonment of the Project would create a waste of consumers' money and unnecessarily long lead times in development of a PATH alternative should one become necessary. One or both of these would result in a substantial net loss to West Virginia consumers.

Second, would the savings from abandonment be greater than the costs associated with loss of potential jobs and tax revenue that PATH might bring in? Unless you can provide us with calculations that support this premise, it would appear that such an analysis has not been done. The PATH line would not only temporarily employ those hired to construct the line but would also bring sustained job creation by employing people to operate the line and to increase capacity at the Amos Power Plant in Putnam County, West Virginia.

Seeing that neither of these questions can be answered in a way that would make abandonment seem preferable, we believe the Attorney General's office would not be justified in

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filing a Section 206 protest on behalf of West Virginia's electricity consumers to FERC's allowance of an abeyance status to the PATH Project.

Very truly yours,


FRANCES A. HUGHES
CHIEF DEPUTY ATTORNEY GENERAL

FAH/jy