



November 30, 2010

Via Electronic Mail
Howard Schneider
Chair, Board of Managers
The PJM Board of Managers
PJM Interconnection, L.L.C.
955 Jefferson Avenue
Norristown, Pennsylvania 19403-2497

Re: Consumer Advocate Organization Funding

Dear Mr. Schneider and Members of the PJM Board:

American Municipal Power, Inc. (AMP) is writing to inform you of our position opposing the state consumer advocates' request that the PJM Board create a funding mechanism for a state consumer advocate organization called Consumer Advocates of PJM, Inc. (CAPS). To be clear AMP does not oppose the creation of CAPS. AMP opposes the creation of a PJM Tariff funding mechanism that unjustly and unreasonably allocates the cost of CAPS to entities, loads and customers that do not benefit from CAPS.

The PJM Board needs to understand that contrary to the claims of the "consumer advocates" they do not represent all of the end use customers in the PJM region. In several states the state consumer advocates do not represent the retail customers of municipal electric utilities. The municipal utilities represent their end use customers who have the ability, which they frequently exercise, to provide input to the municipal through utility board and city council meetings.

The group further claims as evidence that their proposal is just the 100% support of the End-Use Customer sector in the recent PJM stakeholder vote on their funding proposal. The End-Use Customer sector is not populated by entities that represent 100% of the End-Use Customers in the PJM region.

Additionally the PJM Board should consider the fact that the state consumer advocates were created and empowered through their state governments. They have the ability to determine their tasks and request funding under those state laws, statutes and regulations. Any funding for a Consumer Advocates of PJM, Inc. should be provided for under the purview of the states. The PJM Board should not allow or provide the state consumer advocates with a path to circumvent the state processes already in place.

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The state consumer advocates claim that the funding for their organization is small and therefore it is acceptable to allocate to all loads in the PJM region. The magnitude of a charge does not make it just and reasonable. The state consumer advocates do not represent the customers of AMP's municipal members. It is unjust and unreasonable to allocate the cost of funding the organization to AMP and its members.

In conclusion the funding mechanism as requested by the state consumer advocates is clearly unjust and unreasonable. The PJM Board should not circumvent the existing state laws, statutes and regulations related to funding of the state consumer advocates. Instead CAPS funding should be dealt with through the appropriate state mechanisms.

On behalf of the Members,

  
Marc S. Gerken, P.E.  
President/CEO