

November 30, 2010

Via Electronic Mail

Mr. 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:

We are writing to share an opposing view to the Consumer Advocates' November 19, 2010 letter to you requesting the PJM Board use its Federal Power Act Section 205 discretion to file a rate schedule in support of their proposal to establish Consumer Advocates of PJM, Inc. (CAPS). While appreciative of the role of consumer advocates and historically aligned with them on many issues, the undersigned believe the proposal is not in the best interest of either the Advocates or the PJM stakeholder process.

First, we need to clarify that the Advocates do not directly represent the member-consumers/citizens/owner-customers (Members/Consumers) of many of the electric cooperatives and most of the municipalities in PJM. The undersigned collectively represent over 2.4 million Members/Consumers in the PJM footprint. We are required to represent the best interests of our Members/Consumers and must do so under our own budgetary limitations. In their letter, the Consumer Advocates represent "...certain retail customers..." per individual state law. It is our understanding that these offices are funded either through state budgets or direct levy of the regulated utilities. To the extent these offices are funded through state budgets, the undersigned know of no exclusion their Members/Consumers have from funding this effort. So our Members/Consumers may be already funding a state-mandated service.

Second, the undersigned are in complete agreement that success in the PJM process is a direct result of active involvement by knowledgeable market participants. We also agree that the PJM markets have become increasingly complex. That is why we are active participants both individually as well as collectively through the PJM Public Power Coalition (PPC) to assure we understand the issues and that our Members/Consumers' voices are heard. Our Members/Consumers bear the costs of our participation (and hopefully the benefits as well) in PJM. The undersigned face the same budgetary limitations and restrictions that may exist with the state agencies. We must operate within the constraints of our budgets and at times forgo some participation because we choose the issues that are more critical and deserve the funds available. While we sympathize with the reality of limited budgets of the Advocates, we likewise must all tighten our belts to participate in the most efficient and economic manner possible. To impose upon those of us already working under strained budgets additional costs to support the Advocates, no matter how small these costs are, sets a dangerous precedent and is simply unfair. If state funding is inadequate, Consumer Advocates need to address that issue

within their state government systems. It is not appropriate or efficient to transfer this responsibility to others and to adversely burden the PJM market.

Third, the Consumer Advocates have many times collectively or individually funded a consultant to help them with some of the more contentious issues within the PJM stakeholder process. Given the importance of their mission, we are unclear as to why each state would be unwilling to budget dollars appropriate to establish CAPS or why each Advocate's office would not allocate its budget accordingly. Have the Advocates made a conscious decision not to fund their active participation in PJM to allocate dollars elsewhere?

Fourth, unlike OPSI, the Advocates are active participants and voting members within the End Use Customer Sector. We are assuming the Advocates would like to retain their voting rights. And while supportive of the Advocates voting, we clearly worry about the ramifications of a portion of the PJM Voting Members being funded by the membership.

Accordingly, we ask the Board to consider and reject the significant and precedential ramifications of the PJM Membership financially supporting the participation of other PJM Members. There are many PJM Members with less robust financial support than the Consumer Advocates. Nonetheless, they do participate at the level they can afford and that participation does bring value to the market.

We appreciate the PJM Board's consideration of this issue.

Sincerely,

/s/ Todd A. Sallade
Vice President – Power Supply &
Engineering
Allegheny Electric Cooperative, Inc.

/s/ Duane S. Dahlquist
General Manager
Blue Ridge Power Authority

/s/ Ron Pezon PE, CEM, CSDP
Electric Superintendent
Borough of Chambersburg

/s/ Patrick E. McCullar
President & CEO
**Delaware Electric Municipal
Corporation, Inc.**

/s/ Michael Spiker
Director of Utilities
City of Hagerstown

/s/ Megan Wisersky
Electric Planning Manager
Madison Gas & Electric Company

/s/ Mike Dailey
VP, Business Development and Energy
Services
Northern Virginia Electric Cooperative

/s/ Edward D. Tatum, Jr.
VP RTO & Regulatory Affairs
Old Dominion Electric Cooperative