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From: Andrei

Sent: Monday, June 23, 2008 4:52 PM

To: Anders, David

Subject: Letter to the Board

Dear Board of Managers,

We are one of the 50 companies that would be affected by the raise of the "Tangible Net Worth". Our company (BigTreeSoft Inc.) is a virtual market participant and does not participate in the FTR market. Despite that, after joining PJM in December 2007, as a member we had to pay full share to cover the defaults of the FTR players. Just as we completed our duty as the member and finished paying those defaults in June, we are forced out.

As the member we are concerned about future defaults but presenting an arbitrary number as the solution to the problem left us nothing more then shocked. There are valid points AGAINST that proposal already raised in the draft of the CRMSC (<http://www.pjm.com/committees/members/downloads/20080626-item-03-crm-sc-draft-recommendations.pdf>) but we would like to add few more:

- 1) Major portion of the defaults came from the FTR players ("Exel Power" and "Power Edge")
- 2) Reading "MC Meeting re: Changes to PJM's Default Allocation Rules" email (sent on 1/23/2008) we see that "Power Edge" had more then \$1M to cover defaulted "Exel Power" and based on the amount of the default we assume that "Exel Power" also had more then \$1M in the assets.
- 3) In our opinion raising threshold will result in the larger bets and if another default to happen, PJM will end up with ever larger amount to cover.

Our conclusion:

We feel that small members have been forced out from PJM trading without justification and ask Board and members not to vote in favor of the current CRMSC proposal.

Sincerely,

Andrei Vodeniktov

BigTreeSoft Inc.