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June 20, 2011

Terry Boston, President and CEO
Andrew L. Ott, Senior Vice President-Markets
Stuart F. Bresler, Executive Director of Market Operations
Suzanne S. Daugherty, Vice President, CFO and Treasurer
Vincent P. Duane, Vice President and General Counsel
David Anders, Secretary, PJM Members Committee
Michael J. Kormos, Senior Vice President - Operations
PJM Interconnection, Inc.
955 Jefferson Avenue
Norristown, Pennsylvania 19403

Re: Members Committee Meeting of June 14, 2011

Dear Sirs and Madame:

On behalf of the 14 member companies of the Competitive Market Coalition ("Coalition"), we wish to object in the strongest possible terms to the fundamentally unfair and deficient Members Committee meeting ("MC meeting") that was conducted by PJM on June 14, 2011. This meeting was held to consider and vote on the competing PJM sponsored and Coalition sponsored proposals for complying with the FERC's Order 741 minimum participation requirements. As illustrated below, this meeting was a sham. The Chairman did everything possible to prevent a full and fair Stakeholder consideration and voting process at the meeting. Unfortunately PJM Staff sat silently, allowing Stakeholder rights to be ignored and violated. It is noteworthy that the PJM sponsored proposal was the beneficiary of this grossly unfair Stakeholder process.

I will highlight below some of the more serious deficiencies in the conduct of the June 14th MC meeting. They amply demonstrate that the MC meeting was biased and unfair and that the voting results do not represent the views of the PJM member companies.

1) My presentation of the Coalition proposal was repeatedly interrupted and frustrated by the Chairman. During my presentation I was informed by the Chairman that no discussion

critical of the PJM proposal would be permitted. Further, on several occasions he spoke over me and other Stakeholders in an effort to prevent our saying anything negative about the PJM proposal;

2) My presentation on behalf of the Coalition's minimum participation proposal was arbitrarily limited to less than 10 minutes, although I had been assured--and the Agenda indicated--we would be given 15 minutes to present our proposal;

3) Stakeholder comments and questions, either in support of the Coalition proposal or questioning the PJM proposal, were severely limited by the Chairman. No Stakeholder discussion of the PJM proposal was permitted beyond a few "clarifying" questions. In one case a questioner on the phone was simply cut off. These artificial and unduly short time limits were imposed only on discussion related to the Coalition's proposal and on questioning of PJM's proposal. Other issues were discussed in full without interruption;

4) The PJM advance notice protections were blatantly disregarded. PJM made numerous material changes to its Officer Certificate proposal, not only after the MRC meeting and vote, but even after the quickly arranged special Credit Subcommittee meeting held on June 6th. The version of the PJM proposal presented and voted on at the MC meeting had not been considered or voted on by the Credit Subcommittee or by any other Committee. Additionally, a number of substantive changes were not even noted at the MC meeting. Clearly, all Stakeholder notice protections and deliberation rights were ignored;

5) The Chairman refused to allow a vote on the complete Coalition proposal, which was submitted to PJM and posted on the Committee website as the proposal to be voted on at the MC meeting. He refused to allow the slides on the Coalition's proposal to be projected so Stakeholders could see them, and he took the position--for the first time in the meeting--that because the Officer Certification language in the Coalition proposal had not been voted on at the MRC meeting it could not be voted in at the MC meeting. The Chairman had sent me at least two emails before the meeting and I spoke with him at least twice before the meeting and at no time did he say our proposal would not be considered and voted on. Furthermore, PJM had sent me the Officer Certification template so I could modify the proposal considered at the MRC in order to add our version of the Officer Certification form for consideration at the MC. It is hard to view what occurred as anything other than an ambush. Additionally, although the PJM proposal was materially modified after the MRC, with far more extensive Officer Certificate provisions added, the Chairman expressed no objection to the modified PJM proposal being voted on.

Finally, when both AEP and a group of municipality members submitted their own Officer Certification proposals at the meeting, the Chairman raised no objections to these proposals being voted on, and did not interrupt their presentations.

The result of the Chairman's improper conduct and arbitrary decisions was that the Coalition proposal, as submitted and posted on the PJM website, was never voted on and instead the Coalition was forced to immediately turn to an alternative proposal, which had to be submitted through a "friendly amendment". The Coalition's main proposal was not voted on; the Chair refused to permit a vote. Perhaps most troubling, at no time did anyone from PJM intervene to state that the full Coalition proposal should be considered and voted on;

6) At least 5 companies supporting the Competitive Market Coalition proposal did not have their votes in favor of the Coalition proposal counted. This was because of issues using a new PJM provided voting application. Even though a number of these companies informed PJM of the problem immediately, they were still refused an opportunity to vote on the Coalition proposal. When this occurred I immediately asked for PJM's assistance so these votes would be counted but was told by PJM that they would not intervene. Similarly, the Chairman refused to consider my request to remedy this obvious inequity and denied my objections. Further, PJM staff said nothing to the Chair about this unfair exclusion of member company votes. I would note that in all previous PJM meetings I have attended those experiencing voting problems were allowed to re-vote or to give their vote orally to PJM Staff. Given that a new voting application was being used for the first time, it was extremely surprising that a similar procedure was not allowed.

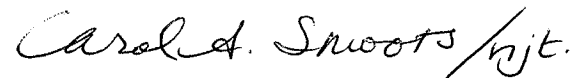
As this summary shows, the Members Committee meeting on June 14th was no Stakeholder process at all. It appeared to be a meeting "wired" in advance to make sure no actual debate or discussion on the competing proposals could occur, and that the PJM proposal would prevail.

We believe that the MC meeting was a sham and that the voting results are fundamentally tainted and unreliable. The best evidence of this taint is that when the Coalition proposal was presented and voted on by the Markets Reliability Committee on April 27, 2011. Where a full and fair consideration process was afforded, the Coalition proposal passed with a significantly higher level of support than the PJM proposal which did not pass. It is clear that the only way to remedy the harm that has occurred, and to determine actual Stakeholder support for the competing proposals, is for the MC to be reconvened, with a special or interim Chair appointed, in order to assure a full and fair consideration process. The votes on the two minimum participation proposals must be retaken and all votes counted.

Finally, should PJM decline to reconvene the MC meeting so that a fair Stakeholder discussion and vote can be taken we request that this letter be provided to the PJM Board for their consideration prior to any action on the Order 741 compliance provisions.

We hope that the disgraceful conduct at last week's Member Committee meeting will never again be permitted. Not only was the meeting inconsistent with the consideration process directed by FERC in Order 741 but, like the PJM proposal itself, had the effect of disenfranchising many smaller companies and new market entrants in PJM.

Sincerely,

A handwritten signature in black ink that reads "Carol A. Smoots/njt." The signature is written in a cursive style with a diagonal slash at the end.

Carol A. Smoots

**On behalf of
Competitive Markets Coalition**