

# PJM Transmission Owners Agreement-Administrative Committee Resolution Restating SECA Revenue Distribution and Implementation of Settlements and FERC Orders

August 19, 2010

Whereas:

- On April 17, 2006, the PJM Transmission Owners agreed to a SECA Revenue Distribution Resolution (“April 17 Resolution”) to provide that all refunds of or increases to an individual transmission owner’s lost revenues resulting from a settlement or from a compliance filing required by a final FERC order will reflect changes in such transmission owner’s claim against individual zones or subzones;
- On March 29, 2007, the PJM Transmission Owners agreed to clarify the April 17, 2006 Resolution (“March 29 Clarification”) and to direct PJM to implement the “Adjustments Needed for Proposed Redo: Correction for Prior Settlements” in the matrix attached to the March 29, 2007 Clarification;
- On May 21, 2010, FERC issued an Order on Initial Decision (“May 21 Order”) the SECA proceedings, Docket No. EL02-111, *et al.*; and
- The PJM Transmission Owners desire to restate their agreement concerning SECA revenue distribution and implementation of settlements and orders in the SECA proceeding.

The PJM Transmission Owners hereby agree to and adopt this Resolution Restating SECA Revenue Distribution and Implementation of Settlements and FERC Orders (“Resolution”), superseding and replacing the April 17 Resolution and the March 29 Clarification:

1. Tables 1 and 2 of Attachment R of the PJM Tariff submitted in prior compliance filings in the SECA proceedings reflect the inter-RTO and intra-PJM lost revenue claims of: the transmission owners in PJM East and Allegheny Power, AEP, ComEd, Dayton, Duquesne and Virginia Power.
2. The amounts in Tables 1 and 2 should be revised to reflect compliance with FERC’s May 21 Order and, to the extent necessary, revised further to reflect compliance with any subsequent FERC orders in the SECA proceedings.
3. Table 3 of Attachment R of the PJM Tariff submitted in prior compliance filings in the SECA proceedings reflects the percentage distribution of SECA revenues that the PJM Transmission Owners originally anticipated would be consistent with their proportionate share of lost revenue claims.

4. Due to shortfalls in collections of certain SECA charges, settlements entered into by some transmission owners and FERC's orders in the SECA proceedings, Table 3 of Attachment R of the PJM Tariff no longer reflects the PJM Transmission Owners original expectation or otherwise provides a sound basis upon which SECA revenues should be distributed.
5. In the filing submitted in compliance with the May 21 Order, SECA charges under Attachment X and lost revenues under Tables 1 and 2 of Attachment R of the PJM Tariff should be revised to reflect the May 21 Order; and, paragraph 2 (Revenue Distribution) of Attachment R should be revised, and Table 3 should be removed in its entirety, to reflect the intentions of the PJM Transmission Owners as set forth in this Resolution.
6. Distribution of SECA revenues among the transmission owners in PJM East and Allegheny Power shall be in accordance with Section 7.8 of the PJM Consolidated Transmission Owners Agreement as modified for purposes of SECA revenue distribution to reflect the fact that Allegheny Power was a transmission provider during the 2002 test year utilized under the SECA rate design for the first four months of the sixteen-month SECA transition period; provided, however, that distribution of revenues among such transmission owners that are parties to a settlement shall be in accordance with the provisions of the settlement as approved by FERC.
7. A non-settling transmission owner or Load-Serving Entity ("LSE") will bear no responsibility for funding refunds or surcharges that are required by a FERC-approved settlement.
8. The PJM Transmission Owners will work with one another and their outside consultant to develop a spreadsheet(s) that identifies each transmission owner's lost revenue claim (as adjusted in accordance with the filing submitted in compliance with the May 21 Order and, to the extent necessary, adjusted further to reflect compliance with any subsequent FERC orders in the SECA proceedings) against individual LSEs in PJM and the Midwest ISO.
9. The PJM East and Allegheny Power transmission owners will work with one another and the PJM Transmission Owners' outside consultant to determine their respective lost revenue claims based on Paragraph 6 above (as adjusted in accordance with the filing submitted in compliance with the May 21 Order and, to the extent necessary, adjusted further to reflect compliance with any subsequent FERC orders in the SECA proceedings) against individual zones or subzones.
10. To implement refunds, each transmission owner will work with the PJM Transmission Owners' consultant and with PJM to identify, where reasonable and appropriate, affected LSEs located in the transmission owner's zone or subzone (as adjusted in accordance with the filing submitted in compliance with the May 21 Order, and, to the extent necessary, adjusted further to reflect compliance with any subsequent FERC orders in the SECA proceedings).

11. The spreadsheet(s) developed in accordance with above paragraphs 6-8 will show each relevant pairing of individual transmission owners and LSEs (as adjusted in accordance with the filing submitted in compliance with the May 21 Order and, to the extent necessary, adjusted further to reflect compliance with any subsequent FERC orders in the SECA proceedings).
12. The spreadsheet(s) developed in accordance with above paragraphs 6-8 will provide the basis for PJM's implementation of refunds or surcharges of SECA charges previously invoiced by PJM or the Midwest ISO, as required by the May 21 Order or a FERC-approved settlement or any subsequent FERC orders in the SECA proceedings.