

**APPENDIX C TO REPORT OF INVESTIGATION
BY THE SPECIAL INVESTIGATIVE COMMITTEE OF
THE PJM BOM**

TIMELINE

NJ BPU

(Bowring alleges that in December 2006, the NJ Board of Public Utilities (NJ BPU) asked the MMU for an independent analysis of the BGS auction. PJM Management told the MMU not to do the analysis. He goes on to allege that on 12/11/06, PJM stated its Markets Division rather than the MMU would do the analysis. The NJ BPU declined PJM's offer and continued to ask for the MMU to do the analysis.

Although Bowring's primary allegation placed the incident in 2006, Bowring also generally contends that PJM tried to bar the MMU from independently analyzing the PSEG/Exelon merger. Hence the Time Line covers the issue commencing with the March 2005 requests relating to the merger.)

(PJM responds that as to the December 2006 NJ BPU request, that request related to retail markets and the MMU has no authority to monitor or provide advice concerning retail markets. As to the merger analysis, PJM responds that although it believed the request for analysis was beyond the MMU's tariff-defined function, Bowring nonetheless did issue some reports and did testify in the proceeding.)

We are tasked to investigate the factual circumstances surrounding a determination by PJM Management that the MMU would not perform an analysis of the NJ BGS auction, although the analysis was requested by the NJ BPU.

<u>DATE/TIME</u>	<u>DESCRIPTION OF EVENT</u>
3/16/05	NJ BPU request to PJM for PJM to intervene in FERC proceeding regarding PSEG/Exelon merger. Notes a concern for market power issues within PJM.
3/16/05	Duane email re NJ BPU request to Miller, (cc: Zibelman, Hagele & Hagee). Describes background and notes PJM did not view merger docket dealing with market power issues as one in which PJM wanted involvement. Notes that Bowring had provided information to the Dept. of Justice & Pa. Attorney General. Noted Bowring steered clear of voicing any conclusory opinions on the pros & cons of the merger. Duane notes some efforts to supply Exelon with some requested data. Duane concludes PJM is cooperating with both parties but remaining neutral.

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<u>DATE/TIME</u>	<u>DESCRIPTION OF EVENT</u>
3/29/05	NJ BPU Letter to Bowring requesting review & report by MMU on state of competition in PJM based on filings with FERC for approval of Exelon's acquisition of PSEG.
4/1/05	Bowring Memo to Cabinet Team and Ott attaching 3/29/05 NJ BPU ltr. Bowring states that "unless Legal indicates that I should not respond, I plan to respond." Bowring notes will coordinate with Zibelman, Kormos & Ott.
4/11/05	<p>Bowring e-mail to Kormos confirming Bowring/Kormos discussions with NJ BPU that MMU will perform analysis of merger within 60 days but will not recommend remedial actions.</p> <p>Kormos forwards e-mail to Duane and seeks lawyer to assist Bowring in drafting letter to NJ BPU reflecting agreement re the MMU's report.</p> <p>Duane responds he would assist.</p>
4/12/05	Hagele e-mail to Bowring, Duane & Kormos re call from PSEG about BPU request for extension based on MMU doing merger analysis study. Hagele states he told PSEG that MMU would probably not make any recommendations and did not know how long it would take to do the study.
4/18/05	Duane e-mails draft response letter to BPU to Bowring & Kormos.
4/19/05	Kormos e-mail to Bowring (cc: Zibelman) noting call from NJ BPU inquiring if MMU could do the report in less than 60 days.
4/19/05	Bowring response to Kormos (cc: Zibelman) noting will try to get it done in less than 60 days but that it is not a trivial task.
4/20/05	Kormos response to Bowring (cc: Zibelman) noting he would like to discuss in more detail. Kormos states he thought could just re-run SOM analysis. Also notes wants to make sure all are informed about assumptions, facts etc. so do not have typical last minute fire drill.

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4/22/05	Bowring Ltr to NJ BPU. States PJM MMU will update the analyses that it customarily & periodically prepares in the course of its role in overseeing the PJM markets. Notes its Report to NJ BPU will anticipate the combination of the two companies as described from publicly stated descriptions of the transaction and analyze PJM markets under these conditions. (Cc: Kormos).
5/24/05	MMU Report on Merger Analysis.
6/6/05	Letter from NJ BPU seeking supplemental report in connection with Exelon Reply.
6/7/05	Kormos memo to Harris & Zibelman on Bowring's 5/24/05 merger analysis. Does not challenge substance of the analysis but rather the process in doing it and suggests need for PJM protocols for this type of request & analysis.
6/16/05	MMU Supplemental Report on merger analysis.
7/12/05	Letter to Bowring from NJ BPU requesting update of 5/24/05 MMU Report on Merger.
8/19/05	Hagele letter to NJ BPU agreeing that MMU can update the 5/24/05 Report on the merger but denying request for an analysis of the impact of the merger upon the BGS market because MMU's responsibilities under the PJM Operating Agreement and Tariff do not extend to state regulated retail service markets. Concludes the analysis would exceed the proper scope of the MMU's authorized activities.
8/30/05	NJ BPU letter to Bowring re 8/19/05 Hagele Letter. Explains that the merger analysis on the BGS auction is not on the retail side but upon the potential effects on wholesale side of auction process.
10/14/05	MMU Merger Analysis Part Two
12/28/05	Letter to Bowring from attys for PSEG & Exelon noting MMU's merger analysis reports dated 5/24 & 10/14 which included analysis of impact of merger on wholesale side of the BGS auction. Also seeks additional analysis of merging parties' specific potential divestiture bundles.

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1/3/06	NJ BPU letter to Bowring seeking additional sensitivity analyses.
1/6/06	Hagele letter to various law firms and NJ entities regarding PJM's agreement to have Bowring appear and be examined on the Supplemental Analysis and Reports.
1/13/06	NJ Dept of Law & Public Safety letter to Bowring that in light of the Ratepayer Advocate's request for MMU to perform certain buyer sensitivities and additional divestiture scenarios, the Dept. requests that two additional import sensitivities in 1/3/06 request be applied as well.
2/9/06	MMU Revised sensitivity Analyses.
2/17/06	MMU Sensitivity Analyses.
3/1/06	MMU Sensitivity Analyses.
3/14/06	Hagele Lessons Learned Memo to Harris & Zibelman re experience with requests to MMU for merger analyses & testimony by Bowring. Cautions against doing it in the future due to problems of placing PJM in the middle and substantial drain on PJM resources. It is, however, complementary of Bowring's testimony.
3/28/06	<p>Hagele Memo to Zibelman, Ott & Bowring re Bowring's 3/24 testimony. Notes Request by NJ Deputy AG that the MMU provide additional analysis based on more recent data. Hagele recommends that PJM respond that it will only respond to further requests that are reasonable and not unduly burdensome to PJM. Also recommends that PJM make the hard data available and have the parties perform their own analysis.</p> <p>Memo also notes that it is arguable that special requests from State Agencies and private parties goes beyond the mandate of the MMU and is not an appropriate expense to be borne by PJM's Members.</p>

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3/29/06	<p>Hagele e-mail to Bowring (cc: Welch, Ott, Duane, Mayes & Morais) that with regard to 3/28 memo spoke to Zibelman & Ott and consensus was that it would not be appropriate at this stage to decline additional requests for MMU analysis.</p> <p>Asks to be kept informed as to additional requests and communications with the agencies or others.</p>
4/19/06	Merger Sensitivity Analyses.
4/21/06	Merger Sensitivity Analyses.
7/12/06	Request from RatePayer Advocate seeking additional Sensitivity Analyses.
7/24/06	Merger Sensitivity Analyses.
7/24/06	Joint letter from Exelon & PSEG to Bowring expressing belief that results of 7/20 Sensitivity report are not indicative of the actual impact the DOJ-specified divestiture will have on competition. Ask Bowring to confirm that the combination of the DOJ-required divestitures with some additional remedies will mitigate market power issues.
8/8/06	Letter from NJ Rate Counsel (Formerly RatePayer Advocate) noting received a letter from the atty representing PJM MMU (we do not appear to have this letter) that MMU will not complete additional calculations requested.
11/15/06	NJ BPU letter to Bowring requesting MMU to provide analysis of comprehensive assessment of the state of the BGS auction market and the underlying wholesale market.

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12/1/06	<p>Bowring email to Zibelman re NJ BPU letter. Notes MMU is prepared to provide an analysis consistent with the SOM and MMU reports to NJ BPU in the merger case. Bowring notes he believes this presents an opportunity for MMU & PJM to analyze interactions between state auctions and PJM markets. Bowring believes that such an understanding could lead to conclusions about proposed modifications to the BGS auction to enhance competition in both BGS and the PJM markets.</p> <p>Zibelman responds we will talk later today.</p>
12/11/06	<p>PJM Meeting with NJ BPU. There is no documentary evidence confirming the meeting or Bowring's allegation as to what was said at the Meeting. Bowring alleges that PJM suggested that the Markets Division, rather than MMU, would do the auction analysis</p>
5/30/07	<p>NJ BPU Letter to Bowring reiterating request for analysis of comprehensive assessment of the state of the BGS auction market and the underlying wholesale market.</p> <p>The letter notes there were oral representations by PJM Representatives that work might be done by some other PJM division.</p> <p>Notes the critical importance of the work to NJ .</p>
8/24/07	<p>PJM BOM letter to NJ BPU agreeing to have the PJM MMU do an assessment of the state of the BGS auction market but noting reservations.</p>