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## **PJM PROPOSES MORE RAPID REFUNDS TO MEMBERS**

*2008 Refunds Could Total \$85 million*

(Valley Forge, Pa. – Feb. 5, 2008) – PJM Interconnection members would receive refunds sooner under a proposal PJM has filed with the Federal Energy Regulatory Commission. PJM asked that refunds under its stated rates plan be calculated and paid to members on a quarterly basis rather than annually.

PJM's stated rates are fixed rates that recover administrative costs—the costs for the operation of the electric transmission system and wholesale electricity markets. Savings from PJM's operating efficiencies and cost reductions during one year are refunded to members as a monthly credit on bills during the following year.

“By determining refunds quarterly rather than annually, we’re putting money back into our members’ hands sooner. They see an immediate benefit from PJM’s cost reductions,” said Suzanne Daugherty, PJM’s vice president, chief financial officer and treasurer.

The stated rate system has allowed PJM to return cost savings to members and to fully fund a financial reserve. Refunds to members totaled \$6.5 million in 2007 and are estimated at \$50 million in 2008. However, if FERC approves PJM’s proposed acceleration, members would receive an additional \$25 million to \$35 million in refunds in 2008—for a total of \$75 million to \$85 million.

PJM has requested that the switch to quarterly refunds take effect April 1, 2008.

“The stated rate plan provides long-term price certainty to members,” Daugherty said.

Effective June 1, 2006, the stated rate plan replaced PJM’s formula rates, which varied from month to month. PJM was the first regional transmission organization to move to a stated rate design. The rate plan includes a five-year series of rate cuts and has already demonstrated savings to members. In 2003, before stated rates, the composite administrative rate was 48 cents per megawatt-hour (MWh). Under the stated rate plan, the rate is now 31 cents per MWh.

*PJM Interconnection ensures the reliability of the high-voltage electric power system serving 51 million people in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. PJM coordinates and directs the operation of the region’s transmission grid, which includes 6,038 substations and 56,250 miles of transmission lines; administers a competitive wholesale electricity market; and plans regional transmission expansion improvements to maintain grid reliability and relieve congestion. Visit PJM at [www.pjm.com](http://www.pjm.com).*

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