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Sent: Friday, December 03, 2010 2:04 PM
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kevin.mcgowan@pepcoholdings.com; Freeman, Jennifer; Mooney, Molly; Slivka, John
Subject: PHI Comments on PJM LAS Forecasting Methods

PHI is very concerned that the changes in load forecasting methodology now being considered by PJM Load Analysis Sub Committee must be implemented in a transparent, deliberate and thoughtful process that preserves the independent point of view that has been so important in the past.

The annual PJM Load Report has a forecast track record that is very accurate. Any change in the forecast methodology must be expected to improve that already excellent track record. Establishing that expectation (that a particular change will be an improvement) requires that the PJM forecasting staff continue to independently examine the proposed improvements listed on its research agenda, and to judiciously implement the proposals that are likely to lead to improvements, followed up by monitoring the ultimate effects of including the proposal. This is "best practice" in forecasting - it is what all professional forecasters strive to achieve.

PHI recommends that PJM should include all of the proposals that they think are worth consideration on their research agenda, and that they allocate their available resources to work through that agenda. They should seek continuous improvement over time, through a process that is transparent, deliberate, thoughtful and inclusive. We are opposed to any changes that might be made prescriptively, without thorough analysis and discussion.

Thanks very much for giving us the opportunity to share our views on this very important subject. Please include this correspondence and our point of view in your report to the Planning Committee.

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