

January 20, 2012

Mr. Paul McGlynn  
Mr. Steve Herling  
PJM Interconnection  
Office of the Interconnection  
955 Jefferson Avenue  
Norristown, PA 19403

RE: Northeast Transmission Proposal associated with the future retirement of Chesapeake Units 1-4 (576 MW) and Yorktown Unit 1 (159 MW)

Dear Paul and Steve:

Northeast Transmission Development, LLC (“Northeast Transmission”) hereby submits to the Office of the Interconnection a proposal to construct a reliability expansion.

In November 2011, PJM was notified of future generation retirements of Dominion Virginia Power’s Chesapeake Units 1-4 (576 MW) and the Yorktown Unit 1 (159 MW).

We requested our consultant, PowerGEM, to perform studies to determine any potential reliability problems associated with these generation requirements and to propose transmission solutions. The analysis focused on PJM reliability criteria including single contingencies, tower line contingencies and Dominion load deliverability. Certain studies performed by PJM such as N-1-1 analysis were beyond the scope of this analysis. Exhibit 1 below shows the overloads that PowerGEM identified due to the generator retirements.

<b>Overloaded Facility</b>
Yadkin - Deep Creek 115 kV
Deep Creek - Chesapeake 115 kV
Yadkin 230/115 kV
Chesapeake 230/115 kV
Fentress - Thrasher 230 kV
Yorktown 230/115 kV
Surry - Crittenden 230 kV

Exhibit 1

The following system upgrades were found to eliminate all of the identified overloads.

- Build a new Great Bridge 500 kV substation (3 breaker ring bus) along the existing Fentress – Septa 500 kV circuit.
- Build a new Great Bridge 115 kV substation at the intersection of the Fentress – Septa 500 kV circuit and the Hickory – Great Bridge 115 kV circuit.

- Install a new Great Bridge 345/115 kV transformer
- Re-conductor Great Bridge – Chesapeake 115 kV with high temperature conductor.
- Install a second Yorktown 230/115 kV transformer.

Northeast Transmission would propose that all of the above system upgrades be studied as a transmission solution to resolve the reliability problems associated with the future generation retirement of Chesapeake Units 1-4 (576 MW) and Yorktown Unit 1 (159 MW).

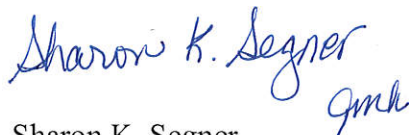
Specifically, Northeast Transmission would request assignment, ownership, and construction responsibilities for the below reliability projects:

- Build a new Great Bridge 500 kV substation (3 breaker ring bus) along the existing Fentress – Septa 500 kV circuit.
- Build a new Great Bridge 115 kV substation at the intersection of the Fentress – Septa 500 kV circuit and the Hickory – Great Bridge 115 kV circuit.
- Install a new Great Bridge 345/115 kV transformer
- Install a second, new Yorktown 230/115 kV transformer.

Northeast Transmission would propose that the reconductoring of Great Bridge – Chesapeake 115 kV with a high temperature conductor would be assigned to the owner of that existing line.

Thank you for your consideration of this proposal. Please contact me on my cell phone at (636) 484-0379 or [ssegner@lspower.com](mailto:ssegner@lspower.com) with any questions related to this letter.

Sincerely,

Handwritten signature of Sharon K. Segner in blue ink, with the initials 'gmk' written below the signature.

Sharon K. Segner  
Assistant Vice President