

June 10, 2010

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

RE: Liberty Transmission Proposal

Dear Steve and Paul:

As you are aware, Northeast Transmission Development, LLC (“Northeast Transmission”) submitted the Liberty Transmission Proposal to PJM earlier this year for analysis in the 2010 RTEP. Northeast Transmission has been participating in the recent Transmission Expansion Advisory Committee (“TEAC”) meetings in which PJM has presented its preliminary analysis on the effectiveness of various projects in relieving reliability constraints in MAAC.

In light of the analysis conducted by PJM to date and presented at the May 27, 2010 and June 9, 2010 TEAC meetings, Northeast Transmission would like to offer certain enhancements to the Liberty Transmission Proposal. It has become clear through the TEAC meetings that PJM is looking for a solution to resolve all of the thermal issues through the entire planning horizon. While the original Liberty Transmission Proposal addressed all of the thermal issues to a certain extent, the revised Liberty Transmission Proposal better addresses what we now understand to be PJM’s goals.

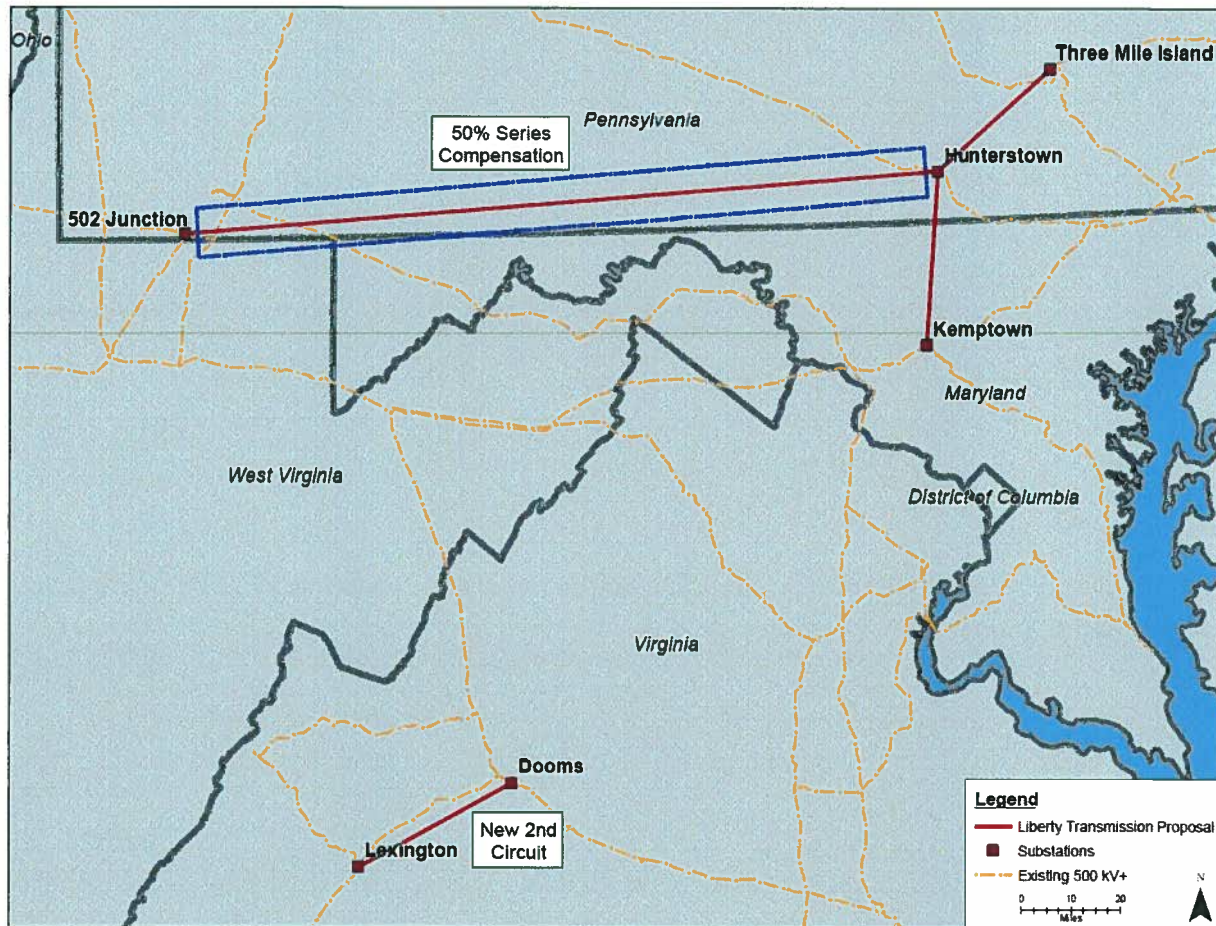
In offering these enhancements in response to PJM’s initial analysis, it is Northeast Transmission’s goal to provide PJM with the best project from a relative cost and benefit standpoint to meet the identified transmission needs so that when the PJM Board reviews the entirety of the 2010 recommended plan as required by Schedule 6 of the PJM Operating Agreement, it has the best overall plan in front of it. In this context, the enhancements to the Liberty Transmission Proposal are as follows:

- (1) Removal of the originally proposed Meadow Brooks- Doubs 500kV line;
- (2) Addition of a 2nd 500 kV circuit from Lexington – Dooms;
- (3) Addition of 50% series compensation on the originally proposed 502 Junction – Hunterstown 500 kV line; and

(4) Addition of a new 500 kV line from Hunterstown – Kemptown.

Northeast Transmission has conducted analysis on these enhancements and, based on its analysis, believes that these enhancements will allow the Liberty Transmission Proposal to resolve the thermal issues at a level comparable or exceeding the other alternatives being considered (i.e. for the entire 15-year planning horizon). The map below outlines the entirety of the revised Liberty Transmission Proposal:

Liberty Transmission Proposal (revised)
502 Junction – Hunterstown (50% series compensation)
Hunterstown – Three Mile Island
Hunterstown - Kemptown
Lexington – Dooms (2nd Circuit)



Northeast Transmission respectfully submits this revised Liberty Transmission Proposal for study by PJM as an alternative to the other solutions being considered including PATH. Northeast Transmission believes the revised Liberty Transmission Proposal offers a number of benefits as compared to the alternatives being evaluated. These benefits, including substantially reduced cost and the ability to “phase in” the solution, are compelling when considering the


revised Liberty Transmission Proposal should offer comparable or, in some instances, superior reliability benefits.

The revised Liberty Transmission Proposal will be a substantially lower cost solution – on the order of several hundred million dollars – than the similarly effective transmission alternatives being considered. The revised Liberty Transmission Proposal will involve approximately the same length of new transmission line as PATH; however, it will be single circuit 500 kV as compared to 765 kV. In addition, there will not be a need for new 765 kV substations or other equipment (e.g. transformers).

The revised Liberty Transmission Proposal offers the ability to “phase in” the transmission solution as it is needed. The Liberty Transmission Proposal can be perceived as a compilation of projects that work well together to resolve the thermal violations through the planning horizon, they may not all be needed by 2015 in order to resolve the 2015 reliability issues. Based on its analysis, Northeast Transmission believes certain components of the revised Liberty Transmission Proposal may be able to be deferred beyond 2015. This will result in additional cost savings as compared to the alternatives and provide PJM an opportunity to evaluate such components closer to the time when they are truly needed.

I appreciate your consideration of our proposal and look forward to discussing it further with you. Please contact me at (636) 346-1426 or ssegner@lspower.com with any questions related to this letter or the revised Liberty Transmission Proposal.

Sincerely,



Sharon K. Segner

Cc: Pauline Foley, PJM
Jennifer Tribulski, PJM
Andy Ott, PJM
Craig Glazer, PJM