Public Service Commission of the District of Columbia
1333 H Street, N.W., 2nd Floor, West Tower
Washington, D.C. 20005
(202) 626-5100
www.dcpsc.org

Betty Ann Kane
Chairman

July 20, 2011

Michael J. Kormos
Senior Vice President – Operations
PJM Interconnection, LLC
955 Jefferson Avenue
Valley Forge Corporate Center
Norristown, PA 19403-2497

RE: Request for a Needs Analysis of the Potomac River Generating Station

Dear Mr. Kormos:

The District of Columbia Public Service Commission ("Commission") has been asked by the Director of the District Department of the Environment ("DDOE"), Christophe A.G. Tulou, to request PJM to evaluate the importance, or even necessity, of the Potomac River Generating Station ("PRGS" or "plant") to the reliability of electric supply in the District of Columbia. In a July 12, 2011 letter addressed to Chairman Kane, Director Tulou informed the Commission that the Sierra Club recently submitted a modeling study to DDOE which indicates that there may be some public health concerns from the operation of the PRGS, with sulfur dioxide ("SO2") levels potentially exceeding the federal standard in southeastern portions of the District of Columbia. A copy of the letter and its attachments are enclosed for your information.

PJM last performed a needs analysis of the PRGS approximately five years ago. However, due to the recent air quality concerns highlighted in DDOE's letter, as well as growing electricity loads in the District and the anticipated retirement of the Benning Road and Buzzard Point plants, the Commission believes this would be an appropriate time to reassess the reliability situation in the District.

The Commission, therefore, requests that PJM perform an analysis to determine if reduced levels of operation or termination of the operation of the PRGS would be expected to result in inadequate levels of electric service reliability in the District of Columbia and surrounding area through at least 2016. Should PJM find any indications

of inadequate levels of reliability, please identify what measures are available to mitigate such occurrences. We also request that PJM provide the Commission with its analysis, including all underlying information and assumptions used to support its conclusions.

Although DDOE's letter is self-explanatory, the Commission wishes to emphasize that, should DDOE file a petition under the Clean Air Act with the U.S. Environmental Protection Agency ("EPA"), and the agency finds that the plant causes SO2 levels in the District to exceed the national standards, EPA could curtail or even shut down the PRGS operations as early as three months following the findings. Thus, because of the urgency of this matter, we request that PJM accord this request expedited treatment.

Thank you very much for your anticipated cooperation in this matter. Should you have any questions or need additional information, please contact Rick Herskovitz on (202) 626-1126.

Sincerely,

Betty Ann Kane

cc: Steve Herling, PJM Vice President, Planning
Paul McGlynn, PJM General Manager, System Planning
Priscilla Chandler, PJM Manager, Regulatory & Legislative Affairs
Christophe Tulou, DDOE
Cecily Beall, DDOE
Rick Morgan, Commissioner, PSC
Lori Murphy Lee, Commissioner PSC

GOVERNMENT OF THE DISTRICT OF COLUMBIA

District Department of the Environment

July 12, 2011

Betty Ann Kane, Chairman
District of Columbia Public Service Commission
1333 H Street, N.W. Suite 200, West Tower
Washington, DC 20005

Dear Chairman Kane,

The Sierra Club submitted to the District Department of the Environment (DDOE) a modeling study titled "Evaluation of Compliance with the SO2 1-Hour Average NAAQS – Mirant Potomac River LLC, Alexandria City, Virginia – May 9, 2011" (enclosed). The study modeled possible levels of airborne sulfur dioxide (SO2) in areas around the coal-fired Potomac River Generating Station (PRGS) and compared them to the federal health-based national ambient air quality standard for SO2. DDOE reviewed the study, held meetings and conference calls with the Sierra Club to discuss and clarify our understanding of the study, and discussed it with members of the Public Service Commission (PSC).

The study indicates that there may be some public health concerns from the operation of PRGS, with SO2 levels potentially exceeding the standard in southeastern portions of the District. One course of action under consideration is for the District to file a petition under Section 126 of the federal Clean Air Act with the U.S. Environmental Protection Agency (EPA). If EPA agrees with the modeling results, then they could possibly curtail or even shut down PRGS operations, as early as three months following EPA's finding that the plant causes SO2 levels in the District to exceed the national standards, but no later than three years after the date of such a finding.

One question that might inform the 126 petition process is whether PRGS is necessary for the reliability of the District's electrical supply. Therefore, DDOE is requesting that the PSC request of PJM Interconnection, the operator of the electrical grid of which the District is a part, a needs assessment of the importance of PRGS to the reliability of the electrical supply to the District.

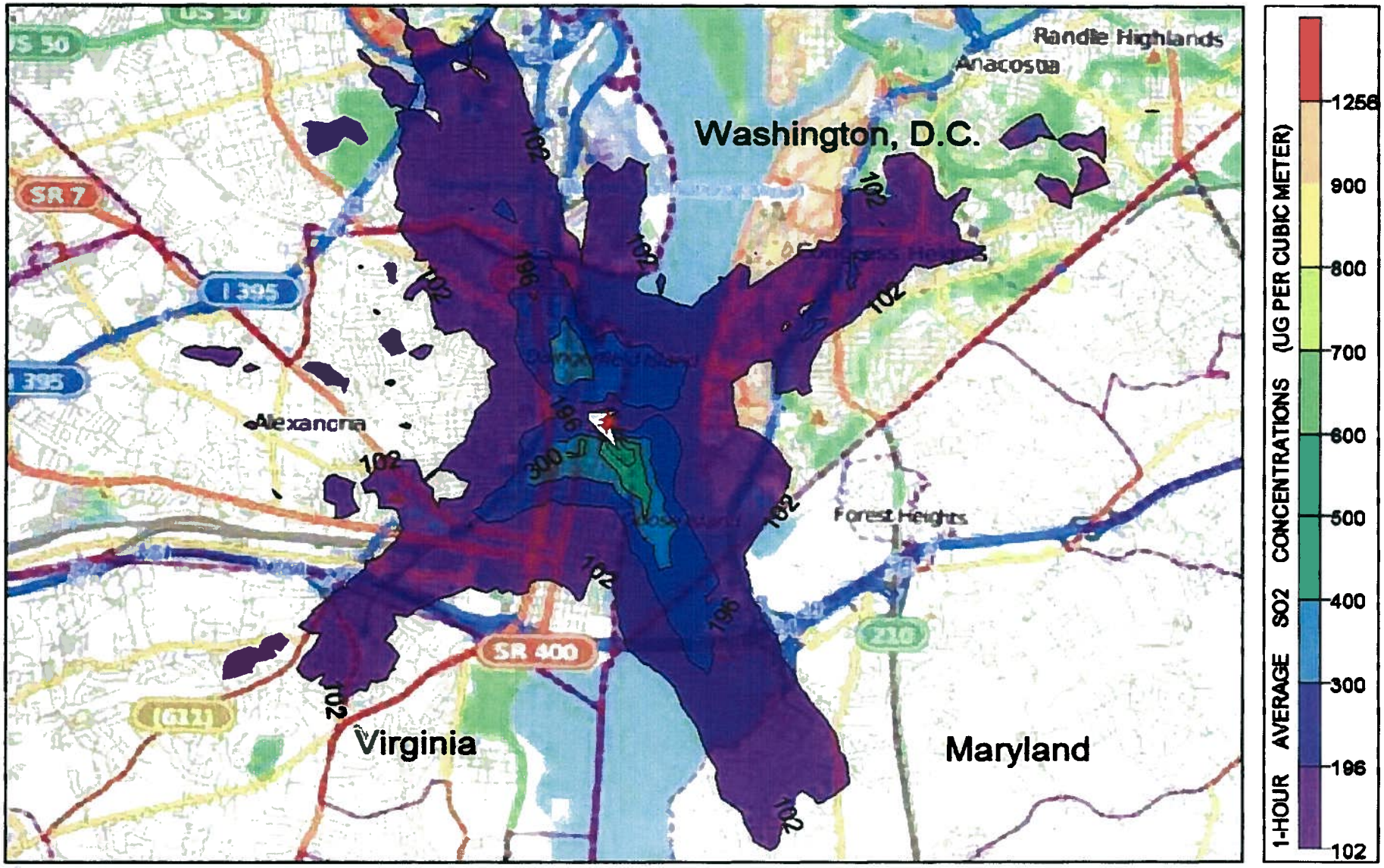
This is an urgent matter that requires quick attention. We appreciate your assistance in sending the request to PJM Interconnection and facilitating their prompt response. If you have any questions, please contact me at 202-535-2615 or Cecily Beall at 202-535-2626.

Sincerely,

Christophe A.G. Tulou
Director

Enclosure

cc: Cecily Beall, Associate Director, Air Quality Division, DDOE



NOTE: All colored areas represent a violation of the National Ambient Air Quality Standard for Sulfur Dioxide.

Location	Emission Rates	Averaging Period	Impact 99th Percentile 1-hour Daily Max (ug/m3)	Background 99th Percentile 1-hour Daily Max (ug/m3)	Total 99th Percentile 1-hour Daily Max (ug/m3)	NAAQS 99th Percentile 1-hour Daily Max (ug/m3)	Complies with NAAQS?
Washington, D.C.	Maximum	1-hour	606	94	700	196	No
	Allowable	1-hour	462	94	556	196	No
Virginia	Maximum	1-hour	1256	94	1350	196	No
	Allowable	1-hour	958	94	1052	196	No
Maryland	Maximum	1-hour	283	94	377	196	No
	Allowable	1-hour	226	94	320	196	No

Unit ID	Stack ID	Maximum Emissions 1-hour Average (lbs/hr)	Allowable Emissions 3-hour Average (lbs/hr)
Unit 1	MS1	515.8	
Unit 2		565.5	
Stack Total		**1,081.3**	**737.1**
Unit 3		456.9	
Unit 4	MS4	452.5	
Unit 5		491.3	
Stack Total		**1,400.8**	**1,168.9**
Facility Total	Total	2,482.1	1,906.0

NOTES

Procedures	USEPA, Area Designations for the 2010 Revised Primary SO2 NAAQS, Attachment C, Modeling Guidance for SO2 NAAQS Designations, March 24, 2011.
Files	AERMOD modeling files from VADEQ Technical Review of the Air Quality Analyses December 21, 2007.
Conditions	All boilers were assumed to operate at capacity for 24 hours per day.
Meteorological Data	Ronald Reagan National Airport, 2001 to 2006, no data for 2002.
	Meteorological data are not processed with AERMINUTE which may result in the prediction of higher concentrations.
Allowable Emissions	Current limitations are taken from Stationary Source Permit to Operate for Mirant Potomac River LLC, Registration No. 70228, Page 12, July 31, 2008.
	Current limitations are 3-hour average limits. Total both stacks is 1,906.0 lbs/hr, MS4 limit is 1,168.9 lbs/hr, and MS1 limit by difference is 737.1 lbs/hr.
Maximum Emissions	Maximum emission rates based on peak hourly rates for each boiler reported for 2010 in USEPA, Clean Air Markets - Data and Maps.
Background	Design value for Washington, D.C. from 2007-2009 obtained from: http://www.epa.gov/airtrends/values.html
	The facility impact does not include off-site sources which may increase the predicted concentrations.