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**PJM Interconnection L.L.C.
Minutes of the Eighty Second Meeting of the
Transmission Owners Agreement
Administrative Committee (TOA-AC)
Thursday, August 27, 2009
9:30 AM – 3:00 PM Eastern Time**

AGENDA

Name	Representing	Attending	On Phone
Rana, Raj	AEP	x	
Rowtham-Kennedy, Monique		x	
Kaminski, Vincent	Allegheny Electric Cooperative, Inc.		x
Mattiuz, Bob	Allegheny Power/TrAILCo		x
Palmer, Randall	Allegheny Power/TrAILCo		x
Rostock, John	Allegheny Power/TrAILCo		x
Bourquin, Ralph	Baltimore Gas and Electric Company	x	
Bloom, David	Baltimore Gas and Electric Company		x
Guy, Gary	Baltimore Gas and Electric Company	x	
Harman, Stacy	Baltimore Gas and Electric Company		x
Shamash, Hertzell	Dayton Power & Light Company (The)		x
Herd, Michael	Dayton Power & Light Company (The)		x
Sullivan, Megan	Duquesne Light Company		x
Bustard, John	Exelon	x	
Richardson, Frank	Exelon		x
Dworetzky, Jean	Exelon	x	
Stern, David	Exelon		x
Bainbridge, Thomas	FirstEnergy Solutions Corp.	x	
Farley, Brian	FirstEnergy Solutions Corp.	x	
Miller, Donald	FirstEnergy Solutions Corp.		x
Parke, Morgan	FirstEnergy Solutions Corp.	x	
Benckek(sp?), James	FirstEnergy Solutions Corp.		x
Scarpignato, David	Old Dominion Electric Cooperative	x	
Messick, Tsion	PHI	x	
Glatz, Suzanne	PPL Electric Utilities Corporation d/b/a PPL Utilities	x	
Napoli, Paul	Public Service Electric & Gas Company		
Linde, Tamara	Public Service Electric & Gas Company	x	
Marinelli, Richard	Public Service Electric & Gas Company	x	
McGoldrick, Peter	Rockland Electric Company	x	
Ramlatchan, Deepak	Rockland Electric Company		x
Gill, Richard	UGI Utilities, Inc.		x
McGuire, Bob	Virginia Electric & Power Company	x	
Connelly, David	Virginia Electric & Power Company	x	
Payne, Harold	Virginia Electric & Power Company	x	
Seales, David	Virginia Electric & Power Company	x	

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Attendees for PJM were:

Steve Herling, Mike Kormos, Frank Koza, Mike Bryson and Steve Pincus

1. Administrative Items

- A. Confirm quorum - confirmed
- B. Approve Minutes of the July 9, 2009 Meeting – approved
- C. Weighted vote tabulation matrix calculator – Steve Pincus confirmed that VFT is not yet in service. Current estimated date is 9-8-09. Once this facility is in service the vote tabulation matrix will be revised.

2. **Smart Grid WG Update (Calore) (new item)** Mr. Calore updated the Committee on the Smart Grid WG's activities. Mr. Calore expressed concerns that there is a very little participation from the PJM TOs in the Smart Grid/NIST interoperability standards development effort. EPRI and EEI are also requesting TOs to actively participate in this effort; otherwise vendors and regulatory agencies could develop requirements that utilities will have to live with. There is a Smart Grid conference during the third week in September in Washington, DC. NIST is planning to release its interoperability standards during that week. EEI will have a meeting on 9/21 to develop a strategy for this conference. Mr. Huber (PJM) and Mr. Calore from PSEG will host a meeting on 9/18 to prepare for the EEI strategy meeting. Mr. Calore and Mr. Rana strongly encouraged the TOs to participate in this meeting. TOs interested in participating in this effort should contact Mr. Calore at (james.calore@pseg.com).

3. **FE (ATSI) assets transfers into PJM (Bainbridge)** – Messrs. Bainbridge, Farley and Park provided an overview of the filing that FirstEnergy made at the FERC to integrate its ATSI Ohio transmission assets into PJM. FE has requested to integrate these assets by June, 2011 with the intention to provide long-term benefits to FirstEnergy and its customers. The market analysis conducted by PJM, in this regard, indicated that the proposed integration will potentially reduce congestion costs in the range of \$41 to \$90 million as well as about \$26 million in production cost reduction across the PJM footprint based on 2009 data. FE proposed to pay the required MTEP cost allocations for projects approved while a member of MISO and requested to waive RTEP cost allocations for projects approved before joining on June, 2011. Questions were raised by some members about the proposed cost allocation of transmission projects, which are already approved, but will be in service after June 2011 and apparent unilateral change of the TOA Schedule 12. Mr. Morgan indicated that FE is open to discuss any concerns either on an individual basis or with a group of TOs. Mr. Bustard (Exelon) requested the net book values of the new assets.

4. Legal Issues Team (Rowtham - Kennedy)

- A. Order No. 890 Regional planning compliance update – Ms. Foley reported that the revised language has been circulated to the LIT and still needs MC and MRC approval. PJM anticipates having someone on the panel at the upcoming FERC technical conference on Order 890 in Philadelphia.
- B. Linden VFT Rate Filing - Update – see item 1.c.

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- C. E-Tariff compliance status update – Mr. Pincus provided an update on the E- Tariff activity. Mr. Pincus suggested the need for a discussion between PJM and TOs regarding the coordination of Schedule H and TOA filings. There are two options under Order 714. The first option is for PJM to take on administrative responsibility of handling PJM tariff filings on behalf of the TOs. The second option is that TOs contract separately with a vendor to make e-filings themselves. PJM is operating under agreement that PJM will take on administrative responsibilities, however, TOs are not obligated to use this service. Mr. Pincus requested to provide names of representatives to work with Systrends on arrangements for non-TO filings. Mr. Pincus will provide timeline and draft protocols for the process of making filings by the end of September to LIT distribution list. Mr. Connelly suggested adding IT reps to the list as well.

5. PJM Transmission Owner NERC Reliability Standards Compliance

- A. Reliability matrix revision update – Mr. Bryson reported that the Reliability matrix working group is looking at additional items resulting from meeting with FERC staff. The plan is to post proposed changes next week to the appropriate committees. Final approval of manual changes at MRC on 9/23. The matrix will be presented at the next TOA-AC meeting for approval once manual changes are in place.
- B. TO/TOP Registration Issues – Mr. Koza updated the Committee on the second PJM meeting with the FERC/NERC/RFC staff on 8/14/09. The purpose was to address the concern regarding TOs performing TOP activities particularly with respect to the facility restoration that were raised during the first meeting. Even during the second meeting, the confusion appears to continue as to the role of TOs and the role of PJM as TOP. The difference is related to large “R” restoration (i.e. system wide blackouts) and small “r”(recovery from more localized problems) . Also, there is a desire for a demonstration that appropriate level of system protection information to be resident at PJM. There is also a concern about not having the TO operators be NERC certified. PJM is pushing in direction of having PJM certification as an alternative to NERC certification. PJM is asking formally to have PJM program be certified. PJM will work with the NERC staff in this regard. Issues from the initial meeting still remain but parties feel they are getting closer to resolution.

- 6. **Eastern Interconnect-Wide Planning Collaborative (EIPC)** – Mr. Kormos circulated hard copies of a presentation as well as a narrative to be included in a DOE bid as well as the EIPC legal agreement which will be signed by PJM. Mr. Kormos provided a recap of EIPC conceptual design, an update of EIPC activities, a review of DOE bid proposal, future activities and stakeholder interaction, and discussion of challenges and opportunities. The DOE funding request is due by Sept. 14. The funding request focuses on stakeholder process. The makeup of stakeholders for this study envisioned to be expansive with facilitation by the Keystone Center. Per the DOE solicitation, at least 1/3 of the steering group must be state representatives. The Project objectives are: a) Roll up and analysis of Approved Regional Plans (stress test existing plans), b) Interregional Expansion (looking at broader national issues and what transmission enhancements are needed using

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macroeconomic analysis to develop a finite set of scenarios) c) Development of Inter-regional Transmission Expansion Options (high level 230 kV and above with reliability review and production cost analysis) intended to be information only to policy makers. The deliverables include an initial report to DOE by June 30 2011 and a second report by June 30 2013. PJM to be lead principal investigation with NYISO, ISONE, Entergy, and Southern as the primary participants. SPP will not be the primary investigator, but will support the technical analysis. Next steps: bid filed by 9/14/09; DOE selection anticipated by 11/2/09. The final contract by 12/31/09; reach out to states and other policymakers; first stakeholder meeting in fall 2009; establish a website and continue stakeholder communications.

7. **PJM General Session strategy update** – Mr. Marinelli reported that the TO Sector whip Mr. Napoli arranged a conference call earlier this week with the TO members to seek input regarding the General Session strategy. There was consensus among the participants to change the format to provide real dialog with the Board and members. It was also suggested to have private meetings with each sector and the Board in December. More calls on this topic planned.
8. **PJM Finance Committee update** – Mr. Rana provided an update on the preliminary 2010 PJM budget that was presented by PJM at the recent Finance Committee meeting. The preliminary budget indicates \$5 million reduction in capital expenses from this year's forecast. No significant changes for the next year as compared to this year's budget forecast. PJM will present the final draft budget at the next Finance Committee meeting scheduled for September 24. The stated rate for the next year will be 31cents /MWh and 30 cents/MWh for 2011. The AC2 project is on target for the summer 2010 service date. The AC2 rider for 2010 is estimated to be \$31 million, including tax and interest. Early this year, PJM borrowed \$35 million. PJM and MISO have discovered a Market to Market settlement error.
9. **PJM RTEP Update** – Mr. Herling reported that aside from RTEP, PJM working with stakeholders to review load forecasting methodology for IRM. Load forecasting methodology process wrapping up now. Possible changes may be proposed to MRC and the Planning committee. The generator interconnections study backlog for 2008 is down to 29 (85% of projects now done). The remaining projects are primarily located in the PJM west area. PJM expects to finish at least 90% of the backlog by the year end. The RTEP analysis is almost complete except for the N-1-1 analysis. Retooling work is in progress for the 2012-2013 period for the northern Jersey area due to some sequencing issues. Board meeting in October will have everything except N-1-1 analyses and possibly results of NJ retool.
10. **Other Business Future Meetings** – Mr. Rana suggested that the LIT explore the idea to seek incentives for the Synchrophasor project related investments, which could be in the range of \$20 million to be expended by TOs.
11. **Future Meetings:** - *October 15, 2009 – Baltimore (Pier V)*
- *December 3, 2009 – Baltimore (Pier V)*