



**PJM Interconnection L.L.C.
 Minutes of the Eighty Third Meeting of the
 Transmission Owners Agreement
 Administrative Committee (TOA-AC)
 Thursday, October 15, 2009
 9:30 AM – 3:00 PM Eastern Time**

AGENDA

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

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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		

Attendees for PJM were:

Steve Herling, Mike Kormos, Frank Koza, Steve Pincus, and Pauline Foley

1. Administrative Items

- A. Confirm quorum - confirmed
- B. Approve Minutes of the August 27, 2009 Meeting - approved
- C. Weighted vote tabulation matrix calculator – Raj Rana presented the revised voting spreadsheet in light of the recent energization of the Linden VFT, along the same lines as Neptune. This revision also reflected the changes provided by BGE. Mr. Bustard requested the book value of the ATSI assets.

2. WG Group update

- A. **Smart Grid WG** – Mr. Stewart (PEPCO) provided an update on the Smart Grid conference that was held in September in Washington DC. As part of the workshop, NIST released a report on interoperability standards. The report identified 14 Priority Action Plans, which were turned over to Standards development program. Mr. Stewart noted there are a number of areas for potential involvement by the TOs and encouraged more involvement. There has been very minimal utility participation to date and limited resources for covering all areas. Mr. Stewart suggested assigning a single TOA-AC lead resource for each area of interest. Mr. Naumann indicated that EEI has asked the member CEOs to designate an individual to follow this activity. Mr. Naumann encouraged the participants to check to see who from their companies has been tapped.

3. Entry/exit provisions for a TO in the TOA/PJM Tariff - Mr. Bourquin (BG&E)

presented the need to review the entry/exit provisions in the TOA in light of the recent filing by FE and Duquesne's last year. There was a consensus to initiate a review of these provisions. A question was raised as to whether TOA-AC should direct the LIT to develop a package of modifications regarding entry/withdrawal. Mr. Palmer (APS) suggested forming a taskforce to create consensus on policy issues involved as part of the review. Accordingly, it was decided to form a Policy TF. Mr. Rana asked members to provide names for participants. Mr. Pincus (PJM) expressed interest to participate in this TF also. The TF's objective is develop consensus on the policy issues and provide input to the LIT.

4. Clarify that Schedule 12 applies to transmission assets: Mr. Bustard (Exelon) initiated the discussion on this topic. The RTEP cost allocation filing by PJM done in 2008, allocated

costs of 230 kV/distribution voltage level transformers, which appeared to be local/distribution assets. Exelon, along with other parties protested at the FERC, Commission disagreed and allowed the inclusion. Mr. Bustard indicated that at this point there appears to be distribution assets socialized under Schedule. 12. Exelon would like to see clarification of Schedule 12 to apply only to transmission assets. PSEG responded that the assets referred to by Exelon are indeed transmission assets. Exelon noted that PJM took the position that these assets are distribution assets driven by RTEP changes. There was a consensus that the distribution facilities must not be part of Schedule. 12 cost recovery. The Committee directed LIT to review and modify Schedule 12 to make it clear that only transmission assets under uniform system of accounts should be allocated under Schedule 12.

5. **FERC Notice of request for comments on transmission barriers** – Ms. Glatz reported that FERC issued Notice AD09-8, Transmission Planning Process Technical Conference requesting comments on a broad range of questions. The comments need to be filed by November 4, 2009.

6. **Legal Issues Team (Rowtham - Kennedy) –**

- A. Linden VFT Rate Filing – Mr. Pincus reported that the Linden facilities are in service and now a full member. No follow up filing is needed.
- B. E-Tariff compliance status update – Mr. Pincus reported that the baseline filing date is April 1, 2010. FERC is supposed to have a technical conference but has not yet scheduled one. PJM is working on assumption that filing date is April 1, 2010. Systrends is on schedule in developing the software. Protocols for PJM administrative filing has been circulated to LIT. Some comments were received, and a revised draft will be circulated next week. Once TOAC finalizes a vote it will be posted to the TOAC website. Baseline filings include OATT (incl Att. H), TOA, and RAA.
- C. Order No. 890 Regional planning compliance update - Ms. Foley (PJM) reported that PJM made a filing on Sept 28, after unanimous consent. Comments are due on Oct. 19. No interventions or comments to date.
- D. PJM/MISO Market to Market Error Dispute resolution. Mr. Pincus reported the goal of the settlement is to allow PJM/MISO and stakeholders to participate in discussions without public fight. PJM believes that this is a failure to perform issue because of not updating a list of generators that were exporting in the model. As a result, the market flow analysis has been off and PJM has been undercharged. Regarding the question as to how much should be paid? PJM litigation position is zero, however there are equity considerations. There is a counterargument that this is a billing error and therefore limitation of liability does not apply. Mr. Naumann asked for explanation of the proxy flowgate issue, which seems to be a far more serious issue.

7. PJM Transmission Owner NERC Reliability Standards Compliance -

- A. Reliability matrix revision update – Mr. Bowe (PJM) reported that the Reliability matrix revision is progressing well, as well as revision to the applicable manuals so they better align with the requirements of the standards and make references to the manuals more specific than before. The revised manuals will be presented for approval at the December TOA-AC meeting.
- B. TO/TOP Registration Compliance Issues – Mr. Bowe reported that PJM and the TOs are working on various options concerning NERC certification and RFC/NERC/FERC’s apparent compliance expectations. Mr. Bowe discussed the pros and cons of three options being considered to address this issue. These options are: 1) Do nothing, 2) All TOs’ operators get NERC certified, and 3) PJM certification meets the Standard. Mr. Miller (FE) described a fourth option, which is to “bridge” the gap so that NERC accepts the PJM Certification Program as another form of NERC system operator certification. Next week, Mr. Bowe will arrange a conference call to further discuss all four options. Conference call next week.

8. Eastern Interconnect-Wide Planning Collaborative (EIPC) - Chuck Diebold Reported that the planning authorities participating in this effort signed agreements to formalize the process and agreed to split the costs. The bid for DOE funding to conduct the planning studies under this collaborative is still pending.

PJM is also participating in an Eastern Wind Integration Transmission Study, which is wrapping up. A final report will be released by the end of the year.

PJM is also monitoring other Interregional study efforts of much lower magnitude, such as the North Carolina Collaborative, Interface study with TVA/Duke, as well as the Strategic Midwest Area Renewable Transmission (SMART), which is described below . Mr. Naumann explained that Wisconsin Electric raised an issue with MISO regarding how MISO dispatches on their side of the seam, which may have an impact on LMPs on the PJM side of the seam. This could be a JOA issue for PJM.

9. Strategic Midwest Area Renewable Transmission (SMART) study update – Msrs. Naumann (Exelon) and Manzar Rahman (AEP) provided an overview of a joint study being conducted to evaluate the need for bulk transmission to support a massive renewable energy development in the upper Midwest. This joint study is carried out by Exelon, AEP, ATC, MidAmerican, Excel Energy, and Northwestern Energy. MISO has done some studies on this subject but the SMART study will focus 20 years into future and will cross RTO boundaries. The study will evaluate EHV overlay alternatives using reliability and economic analyses and develop recommendation for technically sound solutions. This effort will use an open process and seek input from stakeholders. A stakeholder meeting has been scheduled on November 12. There have been two open meetings in the past. PJM, MISO and SPP have attended these meetings. This is a multi-regional focus consistent with national, regional and local energy policies. Mr. Napoli inquired if this effort should be embedded in EIPC. Mr.

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Naumann clarified that the EIPC effort will take time with a proposed final completion by 2014 or thereabout. Mr. Naumann also clarified that any project that comes out of this study will be vetted through existing planning processes.

10. PJM RTEP Update - Mr. Diebold (PJM) provided the RTEP update. The interconnection study queue status is progressing reasonably well. The last queue (July) has been completed. The Impact studies goals have been met this year. There were 183 impact studies backlogged at beginning of 2009. PJM will complete all but 16 to (of ?) 17 studies by the end of this year. Today, PJM Board approved a series of projects recommended through the RTEP process. A PJM press release will be out today in this regard.

11. PJM Finance Committee update – Mr. Napoli discussed the PJM budget for 2010, and circulated a copy of the final letter with Finance Committee recommendations to the Board. Mr. Napoli reported that PJM doing a good job controlling its expenses. The trend in expenses for the four years is downward. The FERC, NERC and RFC fees are going up.

12. PJM Board/Liaison Committee meeting update - Mssrs. Napoli (PSE&G) and Bainbridge (FE) provided an update on the PJM Board/Liaison Committee meeting that was held last month.

13. Other Business - Mr. Mattiuz (APS) reported that three Board members are up for reelection. Mr. Haney (APS) is a member of the Nominating committee on behalf of the TOs and is looking for input.

14. TOA-AC Future meetings

A. Reschedule the December meeting - Mr. Rana requested that the December 3rd meeting be rescheduled because there is an RFC annual meeting in Columbus OH on this date and some of the TOA-AC members could be attending this meeting. December 8 or 9 are available. The participants were asked to let Mr. Rana know their preference by tomorrow.

B. Schedule meetings for the next year. (Rana) – Mr. Rana will reserve these dates 1/21/10, 2/25/10, 4/1/10, 5/6/10

15. Future Meetings

December 3, 2009 – Baltimore (Pier V)- Likely to change to either December 8 or 9.