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October 29, 2008

Ms. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

Re: Allegheny Power  
PJM Interconnection, L.L.C., FERC Electric Tariff, Sixth Revised Volume No. 1  
Docket No. ER09-\_\_\_\_-000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act<sup>1</sup> and Section 35.12 of the regulations of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 35.12 (2008), Allegheny Power<sup>2</sup> hereby submits for filing as an initial rate schedule Attachment H-11A to the Open Access Transmission Tariff of PJM Interconnection, L.L.C. (“PJM”), FERC Electric Tariff, Sixth Revised Volume No. 1 (“PJM Tariff”) setting forth “Other Supporting Facilities Charge” for transmission service to Waste Management Renewable Energy, LLC (“Waste Management”) utilizing Allegheny Power facilities at voltages below 138 kV. Waste Management has agreed to pay the Other Supporting Facilities Charge in its executed Interconnection Agreement with Allegheny Power.

## I. DESCRIPTION OF THE FILING

Attachment H-11 to the PJM Tariff sets forth the transmission revenue requirement and Network Integration Transmission Service rates applicable to the AP Zone of the PJM Control Area. Attachment H-11 also states that the revenue requirement and rates in section 1 only reflect the facilities within the AP Zone of 138 kV and higher voltage, and that “[s]ervice utilizing facilities at voltages below 138 kV will be provided at rates determined on a case-by-case basis.”<sup>3</sup> The purpose of this supplemental, initial rate schedule (“Attachment H-11A”) to Attachment H-11 is to provide an Other Supporting Facilities Charge for those supporting facilities used to deliver energy and capacity in the AP zone at

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<sup>1</sup> 16 U.S.C. § 824d.

<sup>2</sup> Allegheny Power is the trade name for Monongahela Power Company, The Potomac Edison Company, and West Penn Power Company.

<sup>3</sup> These rates are referred to as “Other Supporting Facilities Charges.”

voltages below 138 kV for Waste Management from the Arden Landfill power station. The charge applies to sub-transmission service provided over 25 kV facilities.

The Other Supporting Facilities Charge will be in addition to the transmission charge for service utilizing Allegheny Power's transmission facilities at voltage levels of 138 kV and higher.

## **II. PROPOSED EFFECTIVE DATE**

Allegheny Power respectfully requests that the Commission accept the tariff sheet to become effective on December 31, 2008.

## **III. COMMUNICATIONS**

Allegheny Power requests that all Commission orders and correspondence as well as pleadings from other persons concerning this filing be served on each of the following:

Randall B. Palmer  
Assistant General Counsel  
Allegheny Energy, Inc.  
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724.853.4264 FAX  
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Colin Mount  
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#### IV. CONTENTS OF FILING

Allegheny Power encloses the original and six copies of each of the following:

1. This transmittal letter;
2. Proposed tariff sheet (Attachment 1);
3. Proposed tariff sheet in red-line format (Attachment 2); and
4. Calculation of the Other Supporting Facilities Charge (Attachment 3).

#### V. BASIS FOR THE OTHER SUPPORTING FACILITIES CHARGE

The Other Supporting Facilities Charge reflects the rate design and cost support used to develop the comparable charge to other sub-transmission level transmission customers of Allegheny Power.<sup>4</sup> The first step is to calculate the annual carrying charge for the sub-transmission level facilities of West Penn Power, the specific Allegheny Power operating utility that will provide the service. The rate is then calculated on a unit basis.<sup>5</sup> Applying the unit of service basis to Waste Management's contracted 4.8 MW of transmission service results in an Other Supporting Facilities Charge of \$2,592 per month. As required by § 35.12(b)(4), Allegheny Power reports that there are no new sub-transmission level facilities added to supply the service to Waste Management. The total charge to Waste Management for the first twelve months of service following the effective date will be \$31,104.<sup>6</sup>

The monthly charge to Waste Management reflects the same rate design and the same cost support as rates previously submitted to the Commission for service over Allegheny

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<sup>4</sup> The cost basis and rate design is identical to that supplied by Allegheny Power in its compliance filing after FERC issued Opinion No. 469, *Allegheny Power*, 106 FERC ¶ 61,241 (2004). Although this matter was appealed, remanded and settled, the compliance filing presented accurate, historical cost and demand data that are the basis for the rate submitted in this filing. In addition, the specific per MW rate used to develop the charge to Waste Management is the same per MW charge presented in the compliance filing to Order No. 469. See Attachment 3, Appendix, in which Allegheny Power developed a WP System Average Monthly Rate (\$/kW-mo) of \$0.54, which corresponds to the \$540/MW-mo rate to support the \$2,592 monthly charge for Waste Management's 4.8 MW of service. Accordingly, this information complies with the requirement of Section 35.12(b)(3).

<sup>5</sup> This information meets the requirement of §35.12(b)(5) to provide information meeting the requirements of Statement BL in Section 35.13.

<sup>6</sup> This information is submitted in compliance with § 35.12(b)(1).

Power facilities at sub-transmission voltage levels.<sup>7</sup> Specifically, in Attachment 2 to its compliance filing dated September 7, 2004, in Docket No. ER02-136-007, Allegheny Power calculated the annual revenue requirement for its sub-transmission facilities in accordance with FERC Opinion No. 469.<sup>8</sup> The September 7, 2004 compliance filing rate design employed the annual revenue requirement divided by peak demand to develop a per MW demand charge for service over the West Penn sub-transmission facilities.<sup>9</sup> Allegheny Power then determined the average sub-transmission monthly rate. As discussed above, Allegheny Power applied the average sub-transmission monthly rate to the output of the Arden Landfill power station, to establish the Other Supporting Facilities Charge for service to Waste Management to be \$2,592 per month. Attached as Attachment 3 is the calculation of the Other Supporting Facilities Charge in Attachment H11-A.<sup>10</sup>

#### V. LIST OF PERSONS ON WHOM THIS FILING IS BEING SERVED

Pursuant to Section 35.2(d) of the Commission's regulations, Allegheny Power will serve a copy of this filing on Waste Management. Allegheny Power requests a waiver of the requirement to serve by mailing paper copies. Waiver of paper service is consistent with the Commission's decision to establish electronic service as the default method of service on service lists maintained by the Commission Secretary.<sup>11</sup>

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<sup>7</sup> See *Allegheny Power and West Penn Power Company*, 124 FERC ¶ 61,142 (2008).

<sup>8</sup> *Allegheny Power*, 106 FERC ¶ 61,241 (2004).

<sup>9</sup> Information submitted pursuant to § 35.12(b)(2)(i).

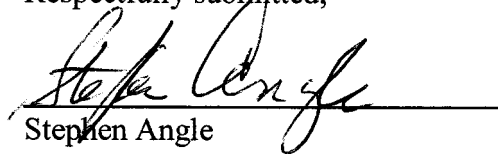
<sup>10</sup> Information submitted pursuant to § 35.12(b)(2)(ii).

<sup>11</sup> See *Electronic Notification of Commission Issuances*, Order No. 653, 70 Fed. Reg. 8,720 (Feb. 23, 2005), FERC Stats. & Regs. ¶ 31,176 (2005).

**VI. CONCLUSION**

Allegheny Power respectfully requests that the Commission accept the tariff sheet attached hereto as Attachment 1 for filing with an effective date of December 31, 2008.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen Angle", is written over a horizontal line.

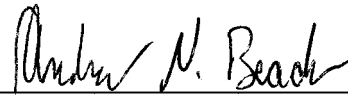
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Attorneys for Allegheny Power

**CERTIFICATE OF SERVICE**

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2007), and the posting requirements of 18 C.F.R. § 35.2(d), I hereby certify that I have, this 29th day of October, 2008, served the foregoing document upon Waste Management Renewable Energy, LLC.

A handwritten signature in black ink, appearing to read "Andrew N. Beach", written over a horizontal line.

Andrew N. Beach  
Attorney for Allegheny Power

**ATTACHMENT 1**  
**Proposed Tariff Sheet**

**ATTACHMENT H-11A**

**Other Supporting Facilities Charges – Allegheny Power**

As provided in Attachment H-11, service utilizing facilities at voltages below 138 kV owned by Allegheny Power to transmit energy from Allegheny Power transmission facilities to customer or from a customer to Allegheny Power transmission facilities will be provided at the rates set forth below (“Other Supporting Facilities Charges”).

Customer/Interconnection Point/Customer Facility	Allegheny Power Operating Company	Rate
Waste Management Renewable Energy, LLC (Arden Landfill 25kV)	West Penn Power Company	\$2,592.00/mo

**ATTACHMENT 2**  
**Proposed Tariff Sheet**  
**in Red-Line Format**

**ATTACHMENT H-11A**

**Other Supporting Facilities Charges – Allegheny Power**

As provided in Attachment H-11, service utilizing facilities at voltages below 138 kV owned by Allegheny Power to transmit energy from Allegheny Power transmission facilities to customer or from a customer to Allegheny Power transmission facilities will be provided at the rates set forth below (“Other Supporting Facilities Charges”).

<u>Customer/Interconnection Point/Customer Facility</u>	<u>Allegheny Power Operating Company</u>	<u>Rate</u>
<u>Waste Management Renewable Energy, LLC (Arden Landfill 25kV)</u>	<u>West Penn Power Company</u>	<u>\$2,592.00/mo</u>

**ATTACHMENT 3**  
**Calculation of**  
**Other Supporting Facilities Charge**

### **Attachment 3**

## **Calculation of Other Supporting Facilities Charge Waste Management Renewable Energy, LLC Arden Landfill 25 kV**

West Penn Subtransmission Revenue Requirement [a]	\$23,803,407 / year
West Penn Subtransmission Load [a]	3,681.61 MW
West Penn Average Subtransmission Rate [a]	\$540 \$/MW-month
Arden Landfill Output	4.8 MW
Other Supporting Facilities Charge	\$2,592 / month

[a] See Attachment 2 of Compliance Filing submitted by Allegheny Power on September 7, 2004 in Docket No. ER02-136-007, provided as an appendix to this Attachment 3.

**Attachment 3**  
**Appendix**

ATTACHMENT 3  
APPENDIX

**AEC Average Rate Distribution Charge**

	<u>Low Voltage</u>	<u>Primary Voltage</u>	<u>Total Monthly Charge</u>
2001 WP Revenue Requirement [a]	\$23,803,407	\$80,173,285	
2001 WP Peak Demand (kW)	3,681,610	2,859,677	
WP System Average Monthly Rate (\$/kW-mo)	\$0.54	\$2.34	
AEC 2001 LV demand [b]	44,744	118	
Monthly Distribution Charge	\$24,106	\$276	
Less CIAC adjustment			
CIAC		(\$168,740)	
Cost of Money		8.57%	
Annual adjustment		<u>(\$14,461)</u>	
Monthly adjustment	(\$1,205)		
<b>Adjusted Monthly Distribution Charge</b>	<b>\$22,903</b>	<b>\$276</b>	<b>\$23,179</b>

[a] Based on FERC Opinion No. 469 (March 9, 2004)

[b] From Staff Rate Design Exhibit S-2