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November 10, 2009

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. ER10-____-000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act¹ and Part 35 of the regulations of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. Pt. 35 (2009), Allegheny Power² hereby submits for filing Second Revised Sheet No. 313A 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 the “Other Supporting Facilities Charge” for transmission service to Allegheny Energy Supply Company, LLC (“AE Supply”) utilizing Allegheny Power facilities at voltages below 138 kV. AE Supply has agreed to pay the Other Supporting Facilities Charge in an Interconnection Services Agreement (“ISA”) entered into with PJM and 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 Allegheny Power 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 Allegheny Power 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.”³ In a letter order dated December 16, 2008 in Docket No. ER09-158-000 (“December 16 Order”), the Commission accepted for filing the supplemental rate schedule on Attachment H-11A, Other Supporting Facilities Charge –

¹ 16 U.S.C. § 824d (“FPA”).

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

³ These rates are referred to as “Other Supporting Facilities Charges.”



Allegheny Power applicable to those supporting facilities used to deliver energy and capacity in the Allegheny Power Zone at volumes below 138 kV. Subject to Commission approval, AE Supply expects to acquire the Allegheny River Lock and Dam No. 5 (“Generating Facility”) on or about December 7, 2009. Currently, the Generating Facility sells power directly to Allegheny Power through a PURPA contract. Following the acquisition, the Generating Facility will cease to be a PURPA facility and AE Supply will sell power generated by the facility into the PJM market. The purpose of this filing is to establish the Other Supporting Facilities Charge for distribution service provided to the Generating Facility over 25 kV facilities.

The Other Supporting Facilities Charge is 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 requests that the Commission accept the tariff sheet to become effective on December 7, 2009. Allegheny Power only recently became aware that the closing of AE Supply’s acquisition of the Generating Facility is scheduled to occur on December 7, 2009 and immediately prior to this filing executed the ISA for the Generating Facility. It is necessary for the rate proposed hereby to become effective on December 7 in order for AE Supply to be able to deliver the power generated by the Generating Facility into the PJM market. Allegheny Power respectfully requests that the Commission grant waiver of 18 C.F.R. § 35.3(a) and any other waivers that may be required for the Commission to accept the proposed revisions to rate schedule to become effective on the date requested.

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:

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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 for the use of West Penn's distribution level facilities.⁴ The methodology used to calculate the Other Supporting Facilities Charge for AE Supply is

⁴ 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 AE Supply 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 \$4,320 monthly charge for AE Supply's 8.0 MW of service.

the same methodology used to calculate the charge for the use of West Penn's distribution facilities approved in the December 16 Order. Allegheny Power requests that, to the extent necessary, the Commission waive certain requirements of Section 35.13(a)(2), including the complete cost of service analysis for the test period.⁵

The first step in determining the Other Supporting Facilities Charge is to calculate the annual carrying charge for West Penn's distribution level facilities. The rate is then calculated on a unit basis. Applying the unit of service basis to AE Supply's contracted 8.0 MW of transmission service results in an Other Supporting Facilities Charge of \$4,320 per month.⁶ As required by § 35.12(b)(4), Allegheny Power reports that there are no new distribution level facilities added to supply the service to AE Supply. The total charge to AE Supply for the first twelve months of service following the effective date will be \$51,840.⁷

The monthly charge to AE Supply reflects the same rate design and the same cost support as rates previously submitted to the Commission for service over Allegheny Power facilities at distribution voltage levels.⁸ 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 distribution facilities in accordance with FERC Opinion No. 469.⁹ 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 West Penn's distribution facilities. Allegheny Power then determined the average monthly rate. As discussed above, Allegheny Power applied the average monthly rate to the output of the Generating Facility power station, to establish the Other Supporting Facilities Charge for service to AE Supply to be \$4,320 per month. Attached as

⁵ See §35.13(a)(2)(B)(1).

⁶ The proposed charge does not include a fuel cost or purchase power adjustment. See § 35.13(a)(2)(B)(4).

⁷ In accordance with § 35.13(a)(2), because the rate increase is less than \$200,000, Allegheny Power is applying the abbreviated filing requirements of that section. The incremental revenue from the proposed new monthly charge is equal to the sum of the fixed monthly revenue for 12 months from the effective date. See § 35.13(a)(2)(B)(3).

⁸ See *Allegheny Power and West Penn Power Company*, 124 FERC ¶ 61,142 (2008); see also December 16 Order.

⁹ *Allegheny Power*, 106 FERC ¶ 61,241 (2004).



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Attachment 3 is the calculation of the Other Supporting Facilities Charge in Attachment H11-A.¹⁰

VI. 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 AE Supply.

VII. 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 7, 2009.

Respectfully submitted,

/s/ Stephen Angle

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Attorneys for Allegheny Power

¹⁰ The information on Attachment 3 and the description of the derivation of the monthly charge in this section is submitted pursuant to §§ 35.13(a)(2)(B)(2), (5), (6).

CERTIFICATE OF SERVICE

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2009), and the posting requirements of 18 C.F.R. § 35.2(d), I hereby certify that I have, this 10th day of November, 2009, served the foregoing document upon Allegheny Energy Supply Company, LLC.

/s/ Andrew N. Beach _____
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
WM Renewable Energy, LLC (Arden Landfill 25kV)	West Penn Power Company	\$2,592.00/mo
FC Landfill Energy, LLC (Northeast Maryland Waste Disposal Authority)	The Potomac Edison Company	\$3,929.00/mo
Allegheny Energy Supply Company, LLC (Allegheny River Lock and Dam No. 5)	West Penn Power Company	\$4,320.00/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”).

Customer/Interconnection Point/Customer Facility	Allegheny Power Operating Company	Rate
WM Renewable Energy, LLC (Arden Landfill 25kV)	West Penn Power Company	\$2,592.00/mo
<i>FC Landfill Energy, LLC (Northeast Maryland Waste Disposal Authority)</i>	<i>The Potomac Edison Company</i>	<i>\$3,929.00/mo</i>
<u>Allegheny Energy Supply Company, LLC (Allegheny River Lock and Dam No. 5)</u>	<u>West Penn Power Company</u>	<u>\$4,320.00/mo</u>

ATTACHMENT 3

**Calculation of
Other Supporting Facilities Charge**

Attachment 3

Calculation of Other Supporting Facilities Charge Allegheny Energy Supply Company Allegheny River Lock and Dam No. 5-25 kV Facilities

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
Allegheny River Lock and Dam No. 5 Output	8.0 MW
Other Supporting Facilities Charge	\$4,320 / 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 W/P Revenue Requirement [a]	\$23,803,407	\$80,173,285	
2001 W/P Peak Demand (kW)	3,681,610	2,859,677	
W/P System Average Monthly Rate (\$/kW-mo)	\$0.54	\$2.34	
AEC 2001 LV demand [b]	44,744	118	
Monthly Distribution Charge	\$24,108	\$276	
Less CIAC adjustment			
CIAC	(\$168,740)		
Cost of Money	8.57%		
Annual adjustment	<u>(\$14,461)</u>		
Monthly adjustment	(\$1,205)		
Adjusted Monthly Distribution Charge	\$22,903	\$276	\$23,179

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

[b] From Staff Rate Design Exhibit S-2