



PJM Interconnection
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February 12, 2010

Via Overnight Delivery

Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, D.C. 20426

**Re: *PJM Interconnection, L.L.C.*, Docket No. ER10-_____-000
Network Integration Transmission Service Agreement Between
PJM Interconnection, L.L.C. and the Borough of Pitcairn
January 1, 2006 Effective Date**

Dear Ms. Bose:

PJM Interconnection, L.L.C. (“PJM”) hereby submits for filing, pursuant to Section 205 of the Federal Power Act (“FPA”), 16 U.S.C. § 824 d, and Part 35 of the Commission’s regulations 18 C.F.R. Part 35 a fully executed Network Integration Transmission Service Agreement (“NITSA”) dated as of February 9, 2010, between PJM and the Borough of Pitcairn (“Pitcairn”), for Network Integration Transmission Service (“NITS”) pursuant to Part III of the PJM Open Access Transmission Tariff (“Tariff”), designated as Original Service Agreement No. 2435¹ under the PJM Tariff (the “PITCAIRN 2006 NITSA”). The PITCAIRN 2006 NITSA is for NITS for load located in the Borough of Pitcairn, Pennsylvania.

¹ The PITCAIRN 2006 NITSA is designated as Original Service Agreement No. 2435 and is attached in Attachment A to this transmittal letter.

PJM submits the PITCAIRN 2006 NITSA for filing with the Commission because PJM requests a waiver of the Commission's prior notice requirement (18 C.F.R. § 35.3) to permit a January 1, 2006 effective date.

I. Background

On December 21, 2004, PJM and the Borough of Pitcairn entered into a NITSA for NITS starting on January 1, 2005, and terminating on December 31, 2005 ("the PITCAIRN 2005 NITSA"). The PITCAIRN 2005 NITSA was for service to the Borough of Pitcairn, in Pennsylvania. The PITCAIRN 2005 NITSA was a conforming NITSA and was reported in PJM's Electronic Quarterly Reports ("EQRs").

Because the PITCAIRN 2005 NITSA was by its terms due to end on December 31, 2005, the NITSA should have been rolled over in accordance with the then effective version of section 2.3 of the PJM Tariff. However, due to administrative oversights, the parties did not enter into the rollover NITSA for service commencing on January 1, 2006 until February 9, 2010, following its discovery by PJM as the result of an internal audit review of its NITSAs. In addition, this oversight was discovered and the remedy put into process in November, 2009. A draft PITCAIRN 2006 NITSA was forwarded to the Borough of Pitcairn on November 16, 2009. On November 19, 2009, the Borough Manager called PJM to state that the PITCAIRN 2006 NITSA would be executed soon. On December 16, 2009, in response to a PJM phone message, the Borough Manager forwarded an email stating that the Borough Solicitor's advice to the Borough Manager was that the PITCAIRN 2006 NITSA not be signed until the new Borough Council took office in January, 2010. The Borough Manager indicated the new Council would be in place on January 4, 2010.

On January 7, 2010, PJM called the Borough Manager to inquire on the status of the PITCAIRN 2006 NITSA execution. The Borough Manager stated that the PITCAIRN 2006 NITSA would be on the Council's agenda on the January 26, 2010 meeting. The PITCAIRN 2006 NITSA was executed and notarized on January 27, 2010 and forwarded to PJM.

PJM continued to provide NITS under the terms of the PITCAIRN 2005 NITSA with applicable rates and charges under the PJM Tariff continuing to be paid by the Borough of Pitcairn for the NITS service.

II. Effective Date and Waiver

PJM requests a waiver of the Commission's prior notice requirement (18 C.F.R § 35.3) to permit a January 1, 2006 effective date for the PITCAIRN 2006 NITSA. Waiver is appropriate for the PITCAIRN 2006 NITSA as it retains the rates, terms and conditions previously approved and accepted by the Commission and incorporated in the PJM Tariff. Therefore, there is no rate impact on the affected customer (i.e., the Borough of Pitcairn) and the customer has agreed to the effective dates for the PITCAIRN 2006 NITSA.²

In *Central Hudson*, the Commission held "the Commission believes that waiver of notice will generally be appropriate when the filing has no rate impact or reduces the rate or when a rate increase and its effective date are prescribed by an agreement on file with the Commission or by a settlement agreement accepted by the Commission. In the *Prior Notice Filing Requirements* proceeding, while the Commission adopted the rule under which the Commission will grant waiver of notice if service agreements are filed within 30 days after service commences, the Commission retained, without modification, all the other *Central Hudson* standards for waiver.

Therefore, the PITCAIRN 2006 NITSA filed herewith meets Commission's criteria for waiver. As discussed above, prior to the effective date of the PITCAIRN 2006 NITSA, the Borough of Pitcairn's load was served pursuant to the PITCAIRN 2005 NITSA. The rates under the PITCAIRN 2006 NITSA have been approved by the Commission and are included in the PJM Tariff and the customer, the Borough of Pitcairn, agreed to the approved rates referenced in the PITCAIRN 2006 NITSA.³ Therefore, there is no rate impact on the customer.

² See *Prior Notice Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139 at 61,983-84 (1993); *Central Hudson Gas & Electric Co.*, 60 FERC ¶ 61,106, at 61,339, *reh'g denied*, 61 FERC ¶ 61,089 (1992) ("*Central Hudson*").

³ The applicable NITS rates for service to the Borough of Pitcairn is set forth in Attachment H-14 of the PJM Tariff.

Good cause also exists for the waiver because PJM's failure to file the PITCAIRN 2006 NITSA 60 days prior to its January 1, 2006 effective date or within 30 days after the effective date was unintentionally caused by administrative oversights and the customer agrees with the rates and effective date. PJM continued to provide service under the expired PITCAIRN 2005 NITSA and became aware of the expired PITCAIRN 2005 NITSA following an internal review and self-audit by PJM of its NITSAs. After discovering several unrelated expired NITSAs for which rollover NITSAs were not executed until after the expiration dates⁴, PJM initiated, on its own, a review of its NITSAs to verify whether there were any other expired NITSAs in PJM's records which were overlooked and for which PJM and its customers did not replace with rollover NITSAs. As a result of this review of the PJM NITSAs, PJM identified the expired PITCAIRN 2005 NITSA.

Upon discovering the overlooked rollover PITCAIRN 2005 NITSA, PJM searched its records to try and locate the missing Borough of Pitcairn rollover NITSA. PJM also asked the Borough of Pitcairn to review its records to locate the missing NITSA to no avail. Thus, PJM and the Borough of Pitcairn has used due diligence to determine if a rollover NITSA was entered into prior to January 1, 2006, to replace the expired PITCAIRN 2005 NITSA but were unsuccessful in their searches.

The administrative oversight which resulted in the failure to replace the expiring PITCAIRN 2005 NITSA with the rollover PITCAIRN 2006 NITSA prior to January 1, 2006, was caused in part because the Borough of Pitcairn did not notify PJM of its intent to rollover the PITCAIRN 2005 NITSA and in part because of certain process shortcomings in which PJM administered NITSAs prior to February 2008 which have

⁴ The two unrelated NITSAs referred to herein are (i) an Allegheny Electric Cooperative, Inc. NITSA filed in Docket No. ER09-1411-000; and (ii) an Allegheny Electric Cooperative, Inc. NITSA filed in Docket No. ER09-1639-000. In both those proceedings, PJM filed waiver requests for retroactive effective dates similar to the waiver request in this filing and under similar circumstances. In both ER09-1411-000 and ER09-1639-000, the Commission issued letter orders granting the waiver requests issued on September 3, 2009, and October 15, 2009 respectively. Also, PJM's internal review resulted in the more recent filings of and under similar circumstances: (i) an American Municipal Power, Inc. NITSA filed in Docket No. ER10-123-000; and (ii) an Easton Utilities Commission NITSA filed in Docket Nos. ER10-124-000 and ER10-124-001. In both ER10-123-000 and in ER10-124-000 and ER10-124-001, the Commission issued letter orders granting the waiver requests issued on December 16, 2009, and January 15, 2010, respectively. Therefore, there is past precedent supporting this waiver request.

since been addressed independent of this matter. Prior to 2007, PJM relied on NITS customers to notify PJM of the intent to rollover NITS under section 2.3 of the Tariff. Such a notice would have triggered a PJM process including (i) to request a draft NITSA from the customer; (ii) review of the draft and execution of the NITSA by PJM; and (iii) notification of the PJM Law Department of the rollover NITSA for filing in the next EQR.

That said, independent of this case PJM implemented procedures and staffing responsibility changes in 2007 which addressed the process shortcomings leading to the need for this waiver request. First, rather than relying on NITS customers notifying PJM of their rollover requests, PJM adopted a procedure under which PJM's legal staff will notify NITS customers of the need to provide notice to PJM of their intent to exercise rollover rights two months prior to the notice due date which is one year before the NITSA expiration date. Second, PJM reviews EQRs and other internal tracking mechanisms to help identify expiring NITSA so that replacement NITSAs can be implemented before their expiration dates. These steps were designed to prevent the very oversights that led to the time gap between the expiration of the PITCAIRN 2005 NITSA and sign the rollover PITCAIRN 2006 NITSA submitted herewith. Unfortunately, the new procedures adopted in 2007 did not capture this legacy and the existence of the expired PITCAIRN 2005 NITSA remained undetected until after PJM completed the review of its NITSAs discussed above.

The absence of the rollover NITSA to replace the expiring PITCAIRN 2005 NITSA in 2006 did not impact any other parties. In fact, the Borough of Pitcairn continued to meet its capacity obligations for its load served by this NITSA, pay for network service related charges and all other PJM charges and requirements as if the PITCAIRN 2005 NITSA had been rolled over. Because within PJM's LMP markets, network load is served by the PJM markets, the processes of obtaining rollover NITSAs and priorities provided in section 2.2 of the Tariff are formalities which do not impact the provisions of transmission service for any PJM transmission service customer in the PJM Region. Therefore, the failure to obtain rollover NITSAs in this case had no adverse impact on any party, including the Borough of Pitcairn. PJM continued to provide NITS to the Borough of Pitcairn under the FERC approved rates as it would have done if the

PITCAIRN 2006 NITSA has been signed on or before January 1, 2006. Moreover, PJM continued to operate and plan for the PJM Transmission System with the load served by the PITCAIRN 2006 NITSA in PJM's modeling under the assumption that NITS service would continue to be provided for the indefinite future as it should.

Under the terms of the PJM Tariff, firm transmission service request agreements (including NITS) entered into prior to June 16, 2008 or associated with transmission service requests received prior to July 13, 2007, unless terminated, will become subject to the five-year or more (term)/one-year (notice) requirement on the first rollover date after June 16, 2008.⁵ Therefore, the Borough of Pitcairn now seeks to rollover the PITCAIRN 2006 NITSA for the period from January 1, 2006 through December 31, 2011, in order to secure its rollover rights and reservation priorities under section 2.2 and 2.3 of the PJM Tariff effective June 16, 2008.

III. Communications

Correspondence and communications with respect to this filing should be sent to, and PJM requests the Secretary to include on the official service list, the following:

Craig Glazer
Vice President – Federal Government Policy
PJM Interconnection, L.L.C.
1200 G Street, N.W., Suite 600
Washington, D.C. 20005
(202) 393-7756 – Phone
(202) 393-7741 – Fax
glazec@pjm.com

Steven R. Pincus
Assistant General Counsel
PJM Interconnection, L.L.C.
955 Jefferson Avenue
Norristown PA 19403
(610) 666-4370 – Phone
(610) 666-4281 – Fax
Pincus@pjm.com

IV. Documents Enclosed

PJM encloses with this transmittal letter the original and six copies of the PITCAIRN 2006 NITSA – Original Service Agreement No. 2435.

V. Service

A copy of this filing has been served upon the Borough of Pitcairn as well as the affected state commission in the PJM Region.

⁵ See PJM Tariff Sections 2.2 and 2.3.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steven R. Pincus". The signature is fluid and cursive, with a horizontal line underlining the first name.

Steven R. Pincus
Assistant General Counsel

Enclosures:

cc: Ms. P. Logo, Borough of Pitcairn Manager

ATTACHMENT F

Service Agreement For Network Integration Transmission Service

- 1.0 This Service Agreement, dated as of January 26, 2010, is entered into, by and between the Office of the Interconnection of PJM Interconnection, L.L.C. (the Transmission Provider) and the Borough of Pitcairn (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a valid request for Network Transmission Service under the Tariff and to have satisfied the conditions for service imposed by the Tariff.
- 3.0 Service under this agreement shall commence on the later of: (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 4.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Network Transmission Service in accordance with the provisions of the Tariff, including the Network Operating Agreement (which is incorporated herein by reference), and this Service Agreement as they may be amended from time to time.
- 5.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

PJM Interconnection, L.L.C.
955 Jefferson Avenue
Valley Forge Corporate Center
Norristown, PA 19403-2497

Issued By: Craig Glazer
Vice President, Federal Government Policy
Issued On: March 12, 2010

Effective: January 1, 2006

Transmission Customer:

Borough of Pitcairn
582 Sixth Avenue
Pitcairn, PA 15140

- 6.0 The Tariff for Network Integration Transmission Service is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Office of the Interconnection:

By: Michael J. Kormos / Smk Sr. V.P.-Operations 2/9/2010
Michael J. Kormos Title Date

Transmission Customer:

By: Patricia A. Lopez Borough Manager 1-26-10
Name Title Date

CERTIFICATION

I, PATRICIA A. LOGO, certify that I am a duly authorized officer of the Borough of Pitcairn (Transmission Customer) and that the Borough of Pitcairn (Transmission Customer) will not request service under this Service Agreement to assist an Eligible Customer to avoid the reciprocity provision of this Open-Access Transmission Tariff.

Patricia A Logo
(Name)

BOROUGH MANAGER
(Title)

Subscribed and sworn before me this 29th day of January, ~~2009~~ ²⁰¹⁰.

Sally DiRobbio
(Notary Public)

My Commission expires: Nov. 30, 2010

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Sally DiRobbio, Notary Public
Pitcairn Boro, Allegheny County
My Commission Expires Nov. 30, 2010
Member, Pennsylvania Association of Notaries

**SPECIFICATIONS FOR
NETWORK INTEGRATION TRANSMISSION SERVICE**

- 1.0 Term of Transaction: 5 years
Start Date: January 1, 2006
Termination Date: December 31, 2011

- 2.0 Description of capacity and/or energy to be transmitted within the PJM Region (including electric control area in which the transaction originates).
Capacity and energy from the PJM RPM Market.

- 3.0 Network Resources: AEP resources

- 4.0 Network Load: Municipal load of approximately 3.9 MW peak

- 5.0 Designation of party subject to reciprocal service obligation: N/A

- 6.0 Name(s) of any Intervening Systems providing transmission service: N/A

7.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the tariff.)

7.1 Embedded Cost Transmission Charge: In accordance with Attachment H-14 of the PJM Tariff.

7.2 Facilities Study Charge: N/A

7.3 Direct Assignment Facilities Charge: N/A

7.4 Ancillary Services Charge: In accordance with the PJM Tariff.

7.5 Other Supporting Facilities Charge: N/A