



September 20, 2011

Ms. Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426-0001

Re: PJM Consolidated Transmission Owners Agreement Amendments  
and Conforming Modification to the PJM Open Access Transmission Tariff  
Docket No. ER11-\_\_\_\_-000 (Intra-PJM Tariff/OATT, OA, RAA)  
Docket No. ER11-\_\_\_\_-000 (Rate Schedule Tariff/TOA)

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”)<sup>1</sup> and Part 35 of the regulations of the Federal Energy Regulatory Commission (“FERC” or “Commission”),<sup>2</sup> the PJM Transmission Owners, acting through the PJM Consolidated Transmission Owners Agreement (“CTOA”),<sup>3</sup> file this transmittal letter and revised tariff sections showing modifications to various sections of the CTOA and, with the concurrence and agreement of PJM Interconnection, L.L.C. (“PJM”), jointly file the conforming amendments to Section 9 of the PJM Open Access Transmission Tariff (“OATT”).<sup>4</sup> Additionally, PJM proposes the revised OATT section showing modification to section 1.3AA and 1.19B. PJM has been authorized by the PJM Transmission Owners to include this filing letter in the e-tariff filing to amend the CTOA and OATT.

The substantive changes proposed are within the CTOA and will amend the definition of “Weighted Voting” to clarify how to compute the weighted voting rights for a transmission owner that does not have cost-based transmission rates (i.e., a “Zero Revenue Requirement Party”) and, thus, does not file FERC Form 1 or Form 1F data. The PJM Transmission Owners request that the

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<sup>1</sup> 16 U.S.C. § 824d (2000).

<sup>2</sup> 18 C.F.R. Pt. 35 (2007).

<sup>3</sup> PJM Interconnection, L.L.C., Consolidated Transmission Owners Agreement, Rate Schedule F.E.R.C. No. 42 (June 19, 2008). This filing has been authorized pursuant to the individual and weighted voting requirements in Section 8.5 of the CTOA.

<sup>4</sup> See PJM OATT at section 9.4.

Commission permit the revised tariff sections to become effective as of November 19, 2011, which is sixty days from the date of this submittal.

Minor modifications are also proposed to sections 7.3.5 and 7.6.5 of the CTOA. The first change eliminates the need to modify Section 7.3.5 (and the identical Section 9.1(e) of the PJM OATT) each time a new transmission owner joins PJM. The second change deletes outdated language referencing the settlement agreement which gave rise to the section. Conforming amendments to the identical provisions of the PJM OATT, sections 9.1(e) and 9.3(v), respectively are also proposed, as are the two new definitions, PJM OATT, sections 1.3AA and 1.19B used in conjunction with these changes.

## **I. BACKGROUND**

The CTOA, currently and going forward, provides for a process by which certain decisions or proposals are approved based on weighting voting rights, which in turn have been computed by reference to a transmission owner's net book value of transmission assets. The process leading up to this filing was initiated by a question to the Transmission Owners Agreement Administrative Committee ("TOA-AC") regarding the computation of weighted voting rights from a transmission owner that is not required to file FERC Form 1 or Form 1F and, thus, does not report a net book value of transmission assets through such annual data.

The TOA-AC agreed that additional clarity was appropriate and developed appropriate amendments. As part of the process, several miscellaneous technical and clerical "clean-up" changes were identified. The amendments were duly approved unanimously by all those present and voting at a TOA-AC meeting on August 15, 2011.

## **II. PROPOSED MODIFICATIONS TO THE CTOA AND OATT**

The amendments proposed to the definition of "Weighted Votes" (section 1.31) clarify that for entities that file FERC Form 1 or 1F, net book value of transmission assets for weighted voting rights purposes will be determined using the data provided in such FERC Forms. For entities that do not file FERC Form 1 or 1F, net book value will be determined using functionally equivalent information, as certified by an independent auditor.

Additional clarity is also provided by changes to the definition of "Zero Revenue Requirement Party" (section 1.32). With that language added, section 7.1.2 relating to the same topic became surplusage and is proposed to be removed and corresponding amendments are made to section 7.8. A "grandfathering" proviso within section 8.5.3 is also deleted as surplusage since the period to which it applies has long since expired.

In addition to the foregoing, certain miscellaneous, non-substantive modifications are proposed. These include: 1) adding a definition of "Attachment H" which operates in conjunction with modifications within section 7.3.5 that reference Attachment H so that these two sections will not need to be amended each time a new transmission owner joins PJM with identical changes

made to the parallel sections of the PJM OATT; 2) adding a definition of “Neutral Party” (section 1.14A), which is a capitalized term used in Section 7.6.5 of the CTOA but was undefined; and 3) correcting or adding certain section headings and internal references to other sections within the CTOA.

A reference no longer needed to a prior settlement is being deleted from section 7.6.5 of the CTOA. Conforming changes are proposed for section 9.3(v) of the PJM OATT.

### **III. ADDITIONAL SUPPORTING MATERIAL**

The PJM Transmission Owners and PJM submit the following additional information in substantial compliance with relevant provisions of Section 35.13:

#### **A. Contents of this Filing – Section 35.13(b)(1)**

This filing consists of the following document:

- The instant Transmittal Letter;
- Attachment A: Clean Tariff Sections to the CTOA;
- Attachment B: Redlined Tariff Sections to the CTOA
- Attachment C: Clean Tariff Sections making revisions to the PJM OATT;
- Attachment D: Redlined Tariff Sections to the PJM OATT

The documentation submitted with this filing demonstrates that there is no need for an evidentiary hearing.

#### **B. Proposed Effective Date of Rate Schedule – Section 35.13(b)(2)**

The PJM Transmission Owners and PJM request that the Commission establish an effective date for the modifications to the CTOA and to the OATT of November 19, 2011, which is sixty (60) days from the date of this filing.

#### **C. List of Persons Receiving a Copy of This Filing – Section 35.13(b)(3)**

PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissions in the PJM Region by posting this filing electronically. In accordance with the Commission’s regulations,<sup>5</sup> PJM will post a copy of this filing to the FERC filings section of its

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<sup>5</sup> See 18C.F.R §§ 35.2(e) and 385.2010(f)(3).

internet site, located at the following link: <http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx> with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region <sup>6</sup> alerting them that this filing has been made by the PJM Transmission Owners and PJM and is available by following such link. PJM also serves the parties listed on the Commission's official service list for this docket. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing. Also, a copy of this filing will be available on the Commission's eLibrary website located at the following link: <http://www.ferc.gov/docs-filing/elibrary.asp> in accordance with the Commission's regulations and Order No. 714. The PJM Transmission Owners and PJM request any waivers of service by paper copy to the extent necessary.

**D. Description of Rate Schedule Change – Section 35.13(b)(4)**

*See discussion above.*

**E. Reasons for the Rate Schedule Change – Section 35.13(b)(5)**

*See discussion above.*

**F. Showing of Requisite Agreements – Section 35.13(b)(6)**

Not applicable.

**G. Costs or expenses that have been alleged or judged to be illegal, duplicative or unnecessary that are the product of discriminatory employment practices – Section 35.13(b)(7)**

None.

**IV. REQUEST FOR WAIVERS**

The PJM Transmission Owners and PJM request that the Commission grant any additional waivers of its rules and regulations as necessary to accept the CTOA and OATT modifications.

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<sup>6</sup> PJM already maintains, updates and regularly uses e-mail lists for all PJM members and affected state commissions.

## V. NOTICE AND CORRESPONDENCE

The PJM Transmission Owners request that all communications regarding this filing be directed to the individuals listed below in their capacity as representatives of the PJM Transmission Owners acting at the direction of the CTOA Administrative Committee, and that their names be entered on the official service list maintained by the Secretary for this proceeding:

Hertzel Shamash  
Director, Resource Planning  
The Dayton Power and Light Company  
1065 Woodman Drive  
Dayton, OH 45432  
(937) 259-7262 (office)  
(937) 259-7835 (Facsimile)  
[hertzel.shamash@dplinc.com](mailto:hertzel.shamash@dplinc.com)

Randall V. Griffin  
Chief Regulatory Counsel  
The Dayton Power and Light Company  
1065 Woodman Drive  
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(937) 259-7221 (office)  
(937) 259-7813 (Facsimile)  
[randall.griffin@dplinc.com](mailto:randall.griffin@dplinc.com)

PJM Interconnection, L.L.C. requests that all communications regarding this filing be directed to:

Craig Glazer  
Vice President – Government Policy  
PJM Interconnection, L.L.C.  
1200 G Street, N.W.  
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Washington, D.C. 20005  
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Pauline Foley  
Assistant General Counsel  
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Norristown, PA 19403  
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[foleyp@pjm.com](mailto:foleyp@pjm.com)

## VI. CONCLUSION

For the other reasons set forth herein, the PJM Transmission Owners and PJM Interconnection, L.L.C. respectfully request that the Commission accept these modifications to the CTOA and OATT, and authorize them to take effect without suspension, condition or modification as of November 19, 2011.

Kimberly D. Bose, Secretary  
Re: PJM CTOA Amendments and Conforming OATT Amendments  
September 20, 2011  
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Should additional information be required, please contact the undersigned.

Respectfully submitted,

By: /s/ Randall V. Griffin  
Randall V. Griffin  
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*On behalf of the PJM Transmission  
Owners*

Respectfully submitted,

By:   
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*Counsel for  
PJM Interconnection, L.L.C.*

**ATTACHMENT A**

**CONSOLIDATED TRANSMISSION OWNERS AGREEMENT**

**CLEAN SECTIONS**

## **ARTICLE 1 – DEFINITIONS**

Unless the context otherwise specifies or requires, capitalized terms used herein shall have the respective meanings assigned herein for all purposes of this Agreement (such definitions to be equally applicable to both the singular and the plural forms of the terms defined). Unless otherwise specified, all references herein to Articles or Sections are to Articles or Sections of this Agreement. As used in this Agreement:

### **1.1 Administrative Committee**

Administrative Committee shall mean that committee, consisting of representatives of each Party to this Agreement, established pursuant to Article 8 of this Agreement.

### **1.2 Affiliate or Affiliation**

Affiliate or Affiliation shall mean any two or more entities, one of which Controls the other or that are under common Control.

### **1.3 Agreement**

Agreement shall mean this Amended and Restated Transmission Owners Agreement, as it may be amended from time to time.

### **1.4 Applicable Regional Reliability Council**

Applicable Regional Reliability Council shall mean the reliability council under Section 202 of the Federal Power Act, the rules and procedures of which, pursuant to written agreement, each Party has agreed to be bound, or the regional entity under Section 215(e)(4) of the Federal Power Act, the rules and procedures of which, pursuant to an order of the FERC, a Party is required to follow.

### **1.4A Attachment H**

Attachment H shall refer collectively to the Attachments to the PJM Tariff with the prefix “H-“ that set forth, among other things, the Annual Transmission Rates for Network Integration Transmission Service in the PJM Zones.

### **1.5 Control**

Control shall mean the possession, directly or indirectly, of the power to direct the management or policies of any entity. Ownership of publicly-traded equity securities of another entity shall not result in Control or Affiliation for purposes of this Agreement if: (i) the securities are held as an investment, (ii) the holder owns (in its name or via intermediaries) less than ten (10) percent of the outstanding securities or the entity, (iii) the holder does not have representation on the entity’s board of directors (or equivalent managing entity) or vice versa, and (iv) the holder does not in fact exercise influence over

day-to-day management decisions. Unless the contrary is demonstrated to the satisfaction of the Administrative Committee, Control shall be presumed to arise from the ownership of or the power to vote, directly or indirectly, ten (10) percent or more of the voting securities of such entity.

### **1.6 Control Area**

Control Area shall mean an electric power system or combination of electric power systems bounded by interconnection metering and telemetry to which a common automatic generation control scheme is applied in order to: (i) match, at all times, the power output of the generators within the electric power system(s) and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s); (ii) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice; (iii) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice and the criteria of NERC and the Applicable Regional Reliability Council of NERC; (iv) maintain power flows on transmission facilities within appropriate limits to preserve reliability; and (v) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

### **1.7 Effective Date**

Effective Date shall mean such date that FERC permits this Agreement to go into effect.

### **1.8 Electric Distributor**

Electric Distributor shall mean an entity that owns or leases with rights equivalent to ownership electric distribution facilities that are used to provide electric distribution service to electric load within the PJM Region.

### **1.9 FERC**

FERC shall mean the Federal Energy Regulatory Commission, or any successor federal agency or commission exercising jurisdiction over this Agreement.

### **1.10 Good Utility Practice**

Good Utility Practice shall mean any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is intended to include acceptable practices, methods, and acts generally accepted in the region.

### **1.11 Individual Vote**

Individual Vote shall mean the single vote accorded to each Party that is not in default and is otherwise authorized to vote in accordance with the terms of this Agreement; provided, however, that Parties that are Affiliates shall have a single Individual Vote; and further provided, however, that two or more Parties that are not Affiliates shall have a single Individual Vote if neither such Party owns Transmission Facilities subject to this Agreement other than Transmission Facilities which such Parties own jointly.

### **1.12 Interconnection Customer**

Interconnection Customer shall have the meaning defined in the PJM Tariff.

### **1.13 Joint Transmission Rate**

Joint Transmission Rate shall mean a transmission rate that applies to: (i) all Transmission Zones collectively; (ii) transactions that enter or exit the PJM Region; or (iii) one or more Transmission Zones other than the Zone(s) of the Transmission Owner(s) filing such rate.

### **1.14 NERC**

NERC shall mean the North American Electric Reliability Council or any successor thereto, including the Electric Reliability Organization certified by FERC pursuant to Section 215(c) of the Federal Power Act.

### **1.14A Neutral Party**

Neutral Party shall have the meaning defined in the PJM Tariff.

### **1.15 Open Access Same-Time Information System (OASIS)**

Open Access Same-Time Information System (OASIS) shall have the meaning defined in the PJM Tariff.

### **1.16 Operating Agreement**

Operating Agreement shall mean that certain agreement, dated April 1, 1997 and as amended and restated June 2, 1997, and as amended from time to time thereafter, among the members of PJM.

### **1.17 PJM Region**

PJM Region shall have the meaning defined in the PJM Tariff.

### **1.18 PJM Regional Rate Design**

PJM Regional Rate Design shall mean a Rate Design that applies, in accordance with its terms, to all Zones in the PJM Region.

### **1.19 PJM Manuals**

PJM Manuals shall have the meaning defined in the PJM Tariff.

### **1.20 PJM Open Access Transmission Tariff or PJM Tariff**

PJM Open Access Transmission Tariff or PJM Tariff shall mean the tariff for transmission service within the PJM Region, as in effect from time to time, including any schedules, appendices, or exhibits attached thereto.

### **1.21 Rate Design**

Rate Design shall mean the design of the rates to recover a Transmission Owner's revenue requirement with respect to its Transmission Facilities or other amounts as authorized by FERC, including without limitation applicable incentives and a reasonable return.

### **1.22 Regional Transmission Expansion Plan**

Regional Transmission Expansion Plan shall have the meaning defined in the PJM Tariff.

### **1.23 Regional Transmission Expansion Planning Protocol**

Regional Transmission Expansion Planning Protocol shall mean Schedule 6 of the Operating Agreement, or any successor thereto.

### **1.24 Required Transmission Enhancements**

Required Transmission Enhancements shall have the meaning defined in the PJM Tariff.

### **1.25 Regional Transmission Organization (RTO)**

Regional Transmission Organization (RTO) shall mean an organization in effect during the term of this Agreement and approved by FERC as an RTO.

### **1.26 Transmission Customer**

Transmission Customer shall have the meaning defined in the PJM Tariff.

### **1.27 Transmission Facilities**

Transmission Facilities shall mean those facilities that: (i) are within the PJM Region; (ii) meet the definition of transmission facilities pursuant to FERC's Uniform System of Accounts or have been classified as transmission facilities in a ruling by FERC addressing such facilities; and (iii) have been demonstrated to the satisfaction of PJM to be integrated with the Transmission System of the PJM Region and integrated into the planning and operation of such to serve the power and transmission customers within such region, regardless of whether the facilities are listed in the PJM Designated Facilities List contained in the PJM Manual of Transmission Operations or successor thereto.

### **1.28 Transmission Owners**

Transmission Owners shall mean those entities that own or lease (with rights equivalent to ownership) Transmission Facilities. For purposes of this Agreement only, a Transmission Owner who is a generation and transmission cooperative (in addition to being the Transmission Owner for its own Transmission Facilities) shall also be the Transmission Owner for the Transmission Facilities of its cooperative members, with all rights and obligations specified under this agreement with regard to such Transmission Facilities, provided, however, that (a) it has been affirmatively granted in writing binding authority by such cooperative members to assume such rights and obligations, (b) that it affirmatively represents and warrants in writing to the other Parties and PJM that it has authority to act for and on behalf of such members, and (c) that any such cooperative member shall not be a Transmission Owner. The Transmission Owners are listed in Attachment A.

### **1.29 Transmission Planned Outage**

Transmission Planned Outage shall mean any transmission outage scheduled in advance for a pre-determined duration and which meets the notification requirements for such outages specified in the Operating Agreement or the PJM Manuals.

### **1.30 Transmission System**

Transmission System shall have the meaning given in the PJM Tariff.

### **1.31 Weighted Votes**

Weighted Votes shall mean the number of votes accorded to each Party, which shall be equal to the net book value, as determined in accordance with FERC's Uniform System of Accounts, of each Party's Transmission Facilities (expressed in dollars and divided by one million (1,000,000)), as determined on April 1 of each year on the basis of the net book value as of the prior December 31; provided, however, the Weighted Votes of all Parties shall be adjusted in a proportional manner as agreed to by the Administrative Committee so that no Party (together with its Affiliates) shall have more than twenty-four and nine-tenths percent (24.9%) of the sum of the Weighted Votes. The net book value of each Party's Transmission Facilities shall be determined based on current data filed with FERC in Form No. 1 or 1F or any successor thereto, unless a Party

does not file a Form 1 or 1F in which case, the net book value of a Party's Transmission Facilities shall be determined based on a certification from the Party's independent auditor submitted to the Administrative Committee by April 1 of each year under oath by an officer of such Party without any claim of confidentiality. Such certification shall state specific values for electric transmission plant in service, accumulated depreciation, and the net book value of Transmission Facilities.

### **1.32 Zero Revenue Requirement Party**

Zero Revenue Requirement Party means a Party that is a Transmission Owner solely by virtue of Transmission Facilities used to provide transmission services within the PJM Region under the PJM Tariff for which it does not have a cost-of-service rate for such services set forth in Schedules 7 and 8 and Attachment H of the PJM Tariff.

### **1.33 Zone**

Zone shall have the meaning defined in the PJM Tariff.

#### **4.5 Operation and Maintenance.**

Each Party shall operate and maintain its Transmission Facilities in accordance with: (i) the terms of this Agreement; (ii) applicable reliability principles, guidelines, and standards of the Applicable Regional Reliability Council and NERC; (iii) the PJM Manuals; (iv) the direction of PJM consistent with this Agreement; and (v) Good Utility Practice. Consistent with the provisions of this Section 4.5, the Parties shall conform to PJM's operating instructions as they apply to such Party's Transmission Facilities. The Parties will continue to direct the operation and maintenance of Transmission Facilities that are not listed in the PJM Designated Facilities List contained in the PJM Manual on Transmission Operations or any successor thereto and each Party will physically operate and maintain all Transmission facilities that it owns.

## **5.2 Facility Rights.**

Each Party shall have the right to build, finance, own, acquire, sell, dispose, retire, merge or otherwise transfer or convey all or any part of its assets, including any Transmission Facilities, such right to include, but not be limited to the right, individually or collectively, to terminate the relationship with PJM in accordance with Section 3.2 or in connection with the transfer to or creation of another entity (including a joint venture or an ITC pursuant to Attachment U to the PJM Tariff) of the right to own and/or operate its Transmission Facilities. PJM shall not challenge any such sale, disposition, retirement, merger, or other action under this Section 5.2 on the basis that they are a signatory to this Agreement.

## 7.1.2 [Reserved for Future Use]

### 7.3.5

Consistent with Section 7.3.1, the following provisions of the PJM Tariff and any successors thereto shall be within the exclusive and unilateral rights to make Section 205 filings of the individual Transmission Owner to which the provisions apply: (i) Attachment H (other than Attachment H-A) (except as to transmission congestion charges under Attachment K to the PJM Tariff or any successor thereto); (ii) Attachment M-1 (First Energy); (iii) Attachment M-2 (First Energy); (iv) Procedures for Load Determination (PSE&G); (v) Procedures for Determination of Peak Load Contributions and Hourly Load Obligations for Retail Customers (Atlantic City); and (vi) Procedures for Determination of Peak Load Contributions and Hourly Load Obligations for Retail Customers (Delmarva).

### 7.6.5

If the Parties are unable to reach agreement among themselves, the matter shall be presented to and resolved by a Neutral Party chosen as follows and, except as provided in this Section 7.6.5, such resolution shall be binding on the Parties: The Chairman of the Administrative Committee (or his/her designee) and an executive of PJM chosen by the President shall choose the Neutral Party and shall have authority to enter into an agreement that will make the Neutral Party available on a prompt basis to resolve disputes hereunder. PJM and the Transmission Owners shall share in the cost of any Neutral Party on an equal basis. The Chairman of the Administrative Committee (or his/her designee) and an executive of PJM chosen by the President may replace the Neutral Party at any time they mutually deem such action to be appropriate or necessary. The decision of the Neutral Party as to which Parties have Section 205 rights hereunder shall be made within the period provided for consultation between the Transmission Owners and PJM as set forth in Sections 7.6.2 or 7.6.3, as applicable. Interested parties (including the Parties) may file a complaint seeking review by the FERC of the Neutral Party's decision, and the FERC's authority to interpret which Parties have Section 205 rights shall not be limited by the Neutral Party's decision as it relates to these disputes.

## **7.7 PJM Cooperation**

Notwithstanding the allocation of filing rights under this Agreement, PJM shall cooperate with the filing of a revenue requirement or changes thereto of a Party not subject to the jurisdiction of FERC under Part II of the Federal Power Act.

## **7.8 Distribution of Revenues.**

Transmission revenues received from network or firm point-to-point transmission service to load within the PJM Region will be distributed to the Transmission Owners on a revenue requirements basis to the Parties with transmission revenue requirements for the Zone in which the load is located; transmission revenues from other network or firm point-to-point transmission service will be distributed to all Parties to this Agreement on a transmission revenue requirements ratio share basis; and transmission revenues from non-firm point-to-point transmission service will be distributed in accordance with the PJM Tariff. Any other revenues owed to the Transmission Owners shall be distributed on a transmission revenue requirements ratio share basis unless otherwise specified in the PJM Tariff. The above notwithstanding, no revenues shall be distributed to any Party that is a Zero Revenue Requirement Party.

### **8.4.3 Quorum.**

To constitute a quorum with respect to any matter upon which a vote is taken, as of the date of any regular or special meeting, such meeting must be attended by representatives, alternates, or duly-designated substitute representatives whose Individual Votes constitute more than fifty percent (50%) of the total Individual Votes of Parties entitled to vote on such matter, and whose Weighted Votes constitute more than fifty percent (50%) of the total Weighted Votes of Parties entitled to vote on such matter. With respect to actions specified in Section 8.5.3, the Individual Votes of Zero Revenue Requirement Parties shall not be counted for purposes of determining the presence of a quorum.

## **8.5 Manner of Acting.**

Subject to the limitations of Section 9.7.1(a), any action taken by the Administrative Committee shall require a combination of the concurrence of the representatives' Individual Votes of the representatives of those Parties entitled to vote on such matters and Weighted Votes as specified in this Section 8.5.

### **8.5.1 Action by Two-thirds Majority.**

The following actions of the Administrative Committee shall require the concurrence of: (i) representatives whose combined Individual Votes equal or exceed two-thirds of the total Individual Votes of Parties entitled to vote and cast at a meeting, provided, however, that if the vote receives the concurrence of representatives whose combined Individual Votes exceed one-half of the total Individual Votes cast, the vote shall not fail if voted against by representatives of Parties entitled to vote whose combined Weighted Votes do not exceed five percent of the total Weighted Votes cast; and (ii) representatives of Parties whose combined Weighted Votes equal or exceed two-thirds of the total Weighted Votes cast at a meeting, provided, however, that if the vote receives the concurrence of representatives whose combined Weighted Votes exceed one-half of the total Weighted Votes cast, the vote shall not fail if voted against by fewer than three Parties entitled to vote:

(a) Amendment or termination of all or any portion of this Agreement, including any schedules, appendices, or attachments hereto, provided that the text of any amendment shall be distributed by overnight courier, facsimile or other reliable electronic means at least thirty (30) days prior to the meeting at which such amendment is to be considered, and provided further that any amendment shall be submitted to FERC for filing and any termination shall not become effective until it shall have been approved by FERC or accepted without suspension or hearing;

(b) Development of comments and recommendations for the Regional Transmission Expansion Plan;

(c) Termination of a Party in accordance with the provisions of Section 9.7 hereof;

(d) Approval of an assignment of this Agreement pursuant to Section 9.5 hereof; and

(e) Approval of changes in or relating to Joint Transmission Rate or the PJM Regional Rate Design, or any provisions governing the recovery of transmission-related costs incurred by the Transmission Owners.

### **8.5.3**

Anything contained herein to the contrary notwithstanding, a Zero Revenue Requirement Party shall not be entitled to vote on any matter described in Article 7, any matter described in Section 8.5.1 (e) or any amendment to this Agreement that would amend this Section 8.5.

### **9.14.1**

The Party is duly organized, validly existing and in good standing under the laws of the jurisdiction where organized;

**ATTACHMENT A**  
**TO THE CONSOLIDATED**  
**TRANSMISSION OWNERS AGREEMENT**

Monongahela Power Company, The Potomac Edison Company and West Penn Power Company, all doing business as Allegheny Power

American Electric Power Service Corporation on behalf of its operating companies: Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company and Wheeling Power Company

Commonwealth Edison Company and Commonwealth Edison Company of Indiana, Inc.

Dayton Power and Light Company

Virginia Electric and Power Company (Dominion Virginia Power)

Public Service Electric and Gas Company

PECO Energy Company

PPL Electric Utilities Corporation

Baltimore Gas and Electric Company

Jersey Central Power & Light Company

Metropolitan Edison Company

Pennsylvania Electric Company

Potomac Electric Power Company

Atlantic City Electric Company

Delmarva Power & Light Company

UGI Utilities, Inc.

Allegheny Electric Cooperative, Inc.

CED Rock Springs, LLC

Old Dominion Electric Cooperative

Rockland Electric Company

Duquesne Light Company

Neptune Regional Transmission System, LLC

Trans-Allegheny Interstate Line Company

Linden VFT, LLC

American Transmission Systems, Incorporated

City of Cleveland, Department of Public Utilities, Division of Cleveland Public Power

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

PJM Interconnection, L.L.C.

By: \_\_\_\_\_

Name: Phillip G. Harris

Title: President and CEO

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Monongahela Power Company, The Potomac Edison Company and West Penn Power Company, all doing business as Allegheny Power

By: \_\_\_\_\_

Name: James R. Haney

Title: Vice President

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

American Electric Power Service Corporation

By: \_\_\_\_\_

Name:

Title:

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Exelon Corporation on behalf of its subsidiaries  
Commonwealth Edison Company and Commonwealth Edison  
Company of Indiana, Inc.

By: \_\_\_\_\_

Name: Susan Ivey

Title: Vice President, Transmission Operations and Planning, Exelon  
Corporation

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

The Dayton Power and Light Company

By: \_\_\_\_\_

Name: Patricia K. Swanke

Title: Vice President - Operations

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Virginia Electric and Power Company (Dominion Virginia Power)

By: \_\_\_\_\_

Name: Gary L. Sypolt

Title: President – Dominion Transmission

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Public Service Electric and Gas Company

By: \_\_\_\_\_

Name: Ralph LaRossa

Title: Vice President - Electric Delivery

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Exelon Corporation on behalf of its subsidiary  
PECO Energy Company

By: \_\_\_\_\_

Name: Susan Ivey

Title: Vice President, Transmission Operations and Planning, Exelon Corporation

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

PPL Electric Utilities Corporation

By: \_\_\_\_\_

Name: John F. Sipics

Title: President

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Baltimore Gas and Electric Company

By: \_\_\_\_\_

Name: Mark P. Huston

Title: Vice President, Electric Transmission and Distribution

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Jersey Central Power & Light Company

By: \_\_\_\_\_

Name: Stanley F. Szwed

Title: Vice President – Energy Delivery Policy  
First Energy Service Company

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Metropolitan Edison Company

By: \_\_\_\_\_

Name: Stanley F. Szwed

Title: Vice President – Energy Delivery Policy  
First Energy Service Company

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Pennsylvania Electric Company

By: \_\_\_\_\_

Name: Stanley F. Szwed

Title: Vice President – Energy Delivery Policy  
First Energy Service Company

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Potomac Electric Power Company

By: \_\_\_\_\_

Name: David M. Valazquez

Title: Vice President, Pepco Holdings, Inc.

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Atlantic City Electric Company

By: \_\_\_\_\_

Name: David M. Valazquez

Title: Vice President, Pepco Holdings, Inc.

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Delmarva Power & Light Company

By: \_\_\_\_\_

Name: David M. Valazquez

Title: Vice President, Pepco Holdings, Inc.

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

UGI Utilities, Inc.

By: \_\_\_\_\_

Name: Richard E. Gill

Title: Assistant Secretary - Electric Transmission

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

CED Rock Springs, LLC

By: \_\_\_\_\_

Name:

Title:

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Old Dominion Electric Cooperative

By: \_\_\_\_\_

Name:

Title:

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Rockland Electric Company

By: \_\_\_\_\_

Name:

Title:

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Duquesne Light Company

By: \_\_\_\_\_

Name:

Title:

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Allegheny Electric Cooperative, Inc.

By: \_\_\_\_\_

Name: Richard W. Osborne

Title: Vice President Power Supply & Engineering

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Neptune Regional Transmission System, LLC

By: \_\_\_\_\_

Name: Edward M. Stern

Title: CEO

Date: March 7, 2007

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Trans-Allegheny Interstate Line Company

By: \_\_\_\_\_

Name: James R. Haney

Title: Vice President

Date: November 8, 2007

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Linden VFT, LLC

By: \_\_\_\_\_

Name: Andrew J. Keleman

Title: Authorized Representative

Date: April 1, 2009

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

American Transmission Systems, Incorporated

By: \_\_\_\_\_

Name: Richard R. Grigg

Title: President

Date: December 17, 2009

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

City of Cleveland, Department of Public Utilities  
Division of Cleveland Public Power

By: \_\_\_\_\_

Name: Barry A. Withers

Title: Director

Date: March 22, 2011

**ATTACHMENT B**

**CONSOLIDATED TRANSMISSION OWNERS AGREEMENT**

**REDLINED SECTIONS**

## ARTICLE 1 – DEFINITIONS

Unless the context otherwise specifies or requires, capitalized terms used herein shall have the respective meanings assigned herein for all purposes of this Agreement (such definitions to be equally applicable to both the singular and the plural forms of the terms defined). Unless otherwise specified, all references herein to Articles or Sections are to Articles or Sections of this Agreement. As used in this Agreement:

### 1.1 Administrative Committee

Administrative Committee shall mean that committee, consisting of representatives of each Party to this Agreement, established pursuant to Article 8 of this Agreement.

### 1.2 Affiliate or Affiliation

Affiliate or Affiliation shall mean any two or more entities, one of which Controls the other or that are under common Control.

### 1.3 Agreement

Agreement shall mean this Amended and Restated Transmission Owners Agreement, as it may be amended from time to time.

### 1.4 Applicable Regional Reliability Council

Applicable Regional Reliability Council shall mean the reliability council under Section 202 of the Federal Power Act, the rules and procedures of which, pursuant to written agreement, each Party has agreed to be bound, or the regional entity under Section 215(e)(4) of the Federal Power Act, the rules and procedures of which, pursuant to an order of the FERC, a Party is required to follow.

### 1.4A Attachment H

Attachment H shall refer collectively to the Attachments to the PJM Tariff with the prefix “H-“ that set forth, among other things, the Annual Transmission Rates for Network Integration Transmission Service in the PJM Zones.

### 1.5 Control

Control shall mean the possession, directly or indirectly, of the power to direct the management or policies of any entity. Ownership of publicly-traded equity securities of another entity shall not result in Control or Affiliation for purposes of this Agreement if: (i) the securities are held as an investment, (ii) the holder owns (in its name or via intermediaries) less than ten (10) percent of the outstanding securities or the entity, (iii) the holder does not have representation on the entity’s board of directors (or equivalent managing entity) or vice versa, and (iv) the holder does not in fact exercise influence over

day-to-day management decisions. Unless the contrary is demonstrated to the satisfaction of the Administrative Committee, Control shall be presumed to arise from the ownership of or the power to vote, directly or indirectly, ten (10) percent or more of the voting securities of such entity.

### **1.6 Control Area**

Control Area shall mean an electric power system or combination of electric power systems bounded by interconnection metering and telemetry to which a common automatic generation control scheme is applied in order to: (i) match, at all times, the power output of the generators within the electric power system(s) and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s); (ii) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice; (iii) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice and the criteria of NERC and the Applicable Regional Reliability Council of NERC; (iv) maintain power flows on transmission facilities within appropriate limits to preserve reliability; and (v) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

### **1.7 Effective Date**

Effective Date shall mean such date that FERC permits this Agreement to go into effect.

### **1.8 Electric Distributor**

Electric Distributor shall mean an entity that owns or leases with rights equivalent to ownership electric distribution facilities that are used to provide electric distribution service to electric load within the PJM Region.

### **1.9 FERC**

FERC shall mean the Federal Energy Regulatory Commission, or any successor federal agency or commission exercising jurisdiction over this Agreement.

### **1.10 Good Utility Practice**

Good Utility Practice shall mean any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is intended to include acceptable practices, methods, and acts generally accepted in the region.

### **1.11 Individual Vote**

Individual Vote shall mean the single vote accorded to each Party that is not in default and is otherwise authorized to vote in accordance with the terms of this Agreement; provided, however, that Parties that are Affiliates shall have a single Individual Vote; and further provided, however, that two or more Parties that are not Affiliates shall have a single Individual Vote if neither such Party owns Transmission Facilities subject to this Agreement other than Transmission Facilities which such Parties own jointly.

### **1.12 Interconnection Customer**

Interconnection Customer shall have the meaning defined in the PJM Tariff.

### **1.13 Joint Transmission Rate**

Joint Transmission Rate shall mean a transmission rate that applies to: (i) all Transmission Zones collectively; (ii) transactions that enter or exit the PJM Region; or (iii) one or more Transmission Zones other than the Zone(s) of the Transmission Owner(s) filing such rate.

### **1.14 NERC**

NERC shall mean the North American Electric Reliability Council or any successor thereto, including the Electric Reliability Organization certified by FERC pursuant to Section 215(c) of the Federal Power Act.

#### **1.14A Neutral Party**

Neutral Party shall have the meaning defined in the PJM Tariff.

### **1.15 Open Access Same-Time Information System (OASIS)**

Open Access Same-Time Information System (OASIS) shall have the meaning defined in the PJM Tariff.

### **1.16 Operating Agreement**

Operating Agreement shall mean that certain agreement, dated April 1, 1997 and as amended and restated June 2, 1997, and as amended from time to time thereafter, among the members of PJM.

### **1.17 PJM Region**

PJM Region shall have the meaning defined in the PJM Tariff.

### **1.18 PJM Regional Rate Design**

PJM Regional Rate Design shall mean a Rate Design that applies, in accordance with its terms, to all Zones in the PJM Region.

### **1.19 PJM Manuals**

PJM Manuals shall have the meaning defined in the PJM Tariff.

### **1.20 PJM Open Access Transmission Tariff or PJM Tariff**

PJM Open Access Transmission Tariff or PJM Tariff shall mean the tariff for transmission service within the PJM Region, as in effect from time to time, including any schedules, appendices, or exhibits attached thereto.

### **1.21 Rate Design**

Rate Design shall mean the design of the rates to recover a Transmission Owner's revenue requirement with respect to its Transmission Facilities or other amounts as authorized by FERC, including without limitation applicable incentives and a reasonable return.

### **1.22 Regional Transmission Expansion Plan**

Regional Transmission Expansion Plan shall have the meaning defined in the PJM Tariff.

### **1.23 Regional Transmission Expansion Planning Protocol**

Regional Transmission Expansion Planning Protocol shall mean Schedule 6 of the Operating Agreement, or any successor thereto.

### **1.24 Required Transmission Enhancements**

Required Transmission Enhancements shall have the meaning defined in the PJM Tariff.

### **1.25 Regional Transmission Organization (RTO)**

Regional Transmission Organization (RTO) shall mean an organization in effect during the term of this Agreement and approved by FERC as an RTO.

### **1.26 Transmission Customer**

Transmission Customer shall have the meaning defined in the PJM Tariff.

### **1.27 Transmission Facilities**

Transmission Facilities shall mean those facilities that: (i) are within the PJM Region; (ii) meet the definition of transmission facilities pursuant to FERC's Uniform System of Accounts or have been classified as transmission facilities in a ruling by FERC addressing such facilities; and (iii) have been demonstrated to the satisfaction of PJM to be integrated with the Transmission System of the PJM Region and integrated into the planning and operation of such to serve the power and transmission customers within such region, regardless of whether the facilities are listed in the PJM Designated Facilities List contained in the PJM Manual of Transmission Operations or successor thereto.

### **1.28 Transmission Owners**

Transmission Owners shall mean those entities that own or lease (with rights equivalent to ownership) Transmission Facilities. For purposes of this Agreement only, a Transmission Owner who is a generation and transmission cooperative (in addition to being the Transmission Owner for its own Transmission Facilities) shall also be the Transmission Owner for the Transmission Facilities of its cooperative members, with all rights and obligations specified under this agreement with regard to such Transmission Facilities, provided, however, that (a) it has been affirmatively granted in writing binding authority by such cooperative members to assume such rights and obligations, (b) that it affirmatively represents and warrants in writing to the other Parties and PJM that it has authority to act for and on behalf of such members, and (c) that any such cooperative member shall not be a Transmission Owner. The Transmission Owners are listed in Attachment A.

### **1.29 Transmission Planned Outage**

Transmission Planned Outage shall mean any transmission outage scheduled in advance for a pre-determined duration and which meets the notification requirements for such outages specified in the Operating Agreement or the PJM Manuals.

### **1.30 Transmission System**

Transmission System shall have the meaning given in the PJM Tariff.

### **1.31 Weighted Votes**

Weighted Votes shall mean the number of votes accorded to each Party, which shall be equal to the net book value, as determined in accordance with FERC's Uniform System of Accounts, of each Party's Transmission Facilities (expressed in dollars and divided by one million (1,000,000)), as determined on April 1 of each year on the basis of the net book value as of the prior December 31; provided, however, the Weighted Votes of all Parties shall be adjusted in a proportional manner as agreed to by the Administrative Committee so that no Party (together with its Affiliates) shall have more than twenty-four and nine-tenths percent (24.9%) of the sum of the Weighted Votes. The net book value of each Party's Transmission Facilities shall be determined based on current data filed with FERC in Form No. 1 or 1F or any successor thereto, unless a Party

does not file a Form 1 or 1F in which case, the net book value of a Party's Transmission Facilities shall be determined based on a certification from the Party's independent auditor submitted to the Administrative Committee by April 1 of each year under oath by an officer of such Party without any claim of confidentiality. Such certification shall state specific values for electric transmission plant in service, accumulated depreciation, and the net book value of Transmission Facilities.

### **1.32 Zero Revenue Requirement Party**

Zero Revenue Requirement Party means a Party that is a Transmission Owner solely by virtue of Transmission Facilities ~~for which it has adopted a revenue requirement of zero pursuant to Section 7.1.2 of this Agreement, used to provide transmission services within the PJM Region under the PJM Tariff for which it does not have a cost-of-service rate for such services set forth in Schedules 7 and 8 and Attachment H of the PJM Tariff.~~

### **1.33 Zone**

Zone shall have the meaning defined in the PJM Tariff.

#### **4.5 Operation and Maintenance.**

Each Party shall operate and maintain its Transmission Facilities in accordance with: (i) the terms of this Agreement; (ii) applicable reliability principles, guidelines, and standards of the Applicable Regional Reliability Council and NERC; (iii) the PJM Manuals; (iv) the direction of PJM consistent with this Agreement; and (v) Good Utility Practice. Consistent with the provisions of this Section ~~4.5~~, the Parties shall conform to PJM's operating instructions as they apply to such Party's Transmission Facilities. The Parties will continue to direct the operation and maintenance of Transmission Facilities that are not listed in the PJM Designated Facilities List contained in the PJM Manual on Transmission Operations or any successor thereto and each Party will physically operate and maintain all Transmission facilities that it owns.

## **5.2 Facility Rights.**

Each Party shall have the right to build, finance, own, acquire, sell, dispose, retire, merge or otherwise transfer or convey all or any part of its assets, including any Transmission Facilities, such right to include, but not be limited to the right, individually or collectively, to terminate the relationship with PJM in accordance with Section ~~0~~3.2 or in connection with the transfer to or creation of another entity (including a joint venture or an ITC pursuant to Attachment U to the PJM Tariff) of the right to own and/or operate its Transmission Facilities. PJM shall not challenge any such sale, disposition, retirement, merger, or other action under this Section 5.2 on the basis that they are a signatory to this Agreement.

**7.1.2 [Reserved for Future Use]**

~~Each Party shall have the unilateral right to adopt a revenue requirement of zero for existing or new facilities and to forgo any right or claim to compensation for providing transmission services under the PJM Tariff or any other document.~~

### 7.3.5

Consistent with Section 7.3.1, the following provisions of the PJM Tariff and any successors thereto shall be within the exclusive and unilateral rights to make Section 205 filings of the individual Transmission Owner to which the provisions apply: (i) ~~Attachments H-1 through H-21-Attachment H (other than Attachment H-A)~~ (except as to transmission congestion charges under Attachment K to the PJM Tariff or any successor thereto); (ii) ~~Attachment H-16A (Virginia Electric and Power Company);~~ (iii) Attachment M-1 (First Energy); ~~(iviii)~~ Attachment M-2 (First Energy); ~~(vii)~~ Procedures for Load Determination (PSE&G); (v) Procedures for Determination of Peak Load Contributions and Hourly Load Obligations for Retail Customers (Atlantic City); and (vi) Procedures for Determination of Peak Load Contributions and Hourly Load Obligations for Retail Customers ~~(Atlantic City); and (vii) Procedures for Determination of Peak Load Contributions and Hourly Load Obligations for Retail Customers~~ (Delmarva).

### 7.6.5

If the Parties are unable to reach agreement among themselves, the matter shall be presented to and resolved by a Neutral Party chosen as follows. ~~Except and, except~~ as provided in this Section 7.6.5, such resolution shall be binding on the Parties. ~~Promptly after this Settlement Agreement has been filed, the~~ The Chairman of the Administrative Committee (or his/her designee) and an executive of PJM chosen by the President shall choose the Neutral Party and shall have authority to enter into an agreement that will make the Neutral Party available on a prompt basis to resolve disputes hereunder. PJM and the Transmission Owners shall share in the cost of any Neutral Party on an equal basis. The Chairman of the Administrative Committee (or his/her designee) and an executive of PJM chosen by the President may replace the Neutral Party at any time they mutually deem such action to be appropriate or necessary. The decision of the Neutral Party as to which Parties have Section 205 rights hereunder shall be made within the period provided for consultation between the Transmission Owners and PJM as set forth in Sections 7.6.2 or 7.6.3, as applicable. Interested parties (including the Parties) may file a complaint seeking review by the FERC of the Neutral Party's decision, and the FERC's authority to interpret which Parties have Section 205 rights shall not be limited by the Neutral Party's decision as it relates to these disputes.

## **7.7 PJM Cooperation**

Notwithstanding the allocation of filing rights under this Agreement, PJM shall cooperate with the filing of a revenue requirement or changes thereto of a Party not subject to the jurisdiction of FERC under Part II of the Federal Power Act.

## 7.8 Distribution of Revenues.

Transmission revenues received from network or firm point-to-point transmission service to load within the PJM Region will be distributed to the Transmission Owners on a revenue requirements basis to the Parties with transmission revenue requirements for the Zone in which the load is located; transmission revenues from other network or firm point-to-point transmission service will be distributed to all Parties to this Agreement on a transmission revenue requirements ratio share basis; and transmission revenues from non-firm point-to-point transmission service will be distributed in accordance with the PJM Tariff. Any other revenues owed to the Transmission Owners shall be distributed on a transmission revenue requirements ratio share basis unless otherwise specified in the PJM Tariff. The above notwithstanding, no revenues shall be distributed to any Party ~~which has forgone its right to compensation pursuant to Section 7.1.2 that is a Zero Revenue Requirement Party.~~

### **8.4.3 Quorum.**

To constitute a quorum with respect to any matter upon which a vote is taken, as of the date of any regular or special meeting, such meeting must be attended by representatives, alternates, or duly-designated substitute representatives whose Individual Votes constitute more than fifty percent (50%) of the total Individual Votes of Parties entitled to vote on such matter, and whose Weighted Votes constitute more than fifty percent (50%) of the total Weighted Votes of Parties entitled to vote on such matter. With respect to actions specified in Section 8.~~455~~.3, the Individual Votes of Zero Revenue Requirement Parties shall not be counted for purposes of determining the presence of a quorum.

## **8.5 Manner of Acting.**

Subject to the limitations of Section 9.~~17.1(i)~~7.1(a), any action taken by the Administrative Committee shall require a combination of the concurrence of the representatives' Individual Votes of the representatives of those Parties entitled to vote on such matters and Weighted Votes as specified in this Section 8.~~155~~.

### **8.5.1 Action by Two-thirds Majority.**

The following actions of the Administrative Committee shall require the concurrence of: (i) representatives whose combined Individual Votes equal or exceed two-thirds of the total Individual Votes of Parties entitled to vote and cast at a meeting, provided, however, that if the vote receives the concurrence of representatives whose combined Individual Votes exceed one-half of the total Individual Votes cast, the vote shall not fail if voted against by representatives of Parties entitled to vote whose combined Weighted Votes do not exceed five percent of the total Weighted Votes cast; and (ii) representatives of Parties whose combined Weighted Votes equal or exceed two-thirds of the total Weighted Votes cast at a meeting, provided, however, that if the vote receives the concurrence of representatives whose combined Weighted Votes exceed one-half of the total Weighted Votes cast, the vote shall not fail if voted against by fewer than three Parties entitled to vote.

(a) —Amendment or termination of all or any portion of this Agreement, including any schedules, appendices, or attachments hereto, provided that the text of any amendment shall be distributed by overnight courier, facsimile or other reliable electronic means at least thirty (30) days prior to the meeting at which such amendment is to be considered, and provided further that any amendment shall be submitted to FERC for filing and any termination shall not become effective until it shall have been approved by FERC or accepted without suspension or hearing;

(b) Development of comments and recommendations for the Regional Transmission Expansion Plan;

(c) Termination of a Party in accordance with the provisions of Section 9.7 hereof;

(d) Approval of an assignment of this Agreement pursuant to Section 9.5 hereof; and

(e) Approval of changes in or relating to Joint Transmission Rate or the PJM Regional Rate Design, or any provisions governing the recovery of transmission-related costs incurred by the Transmission Owners.

### 8.5.3

Anything contained herein to the contrary notwithstanding, a Zero Revenue Requirement Party shall not be entitled to vote on any matter described in Article 7, any matter described in Section 8.5.1 (e) or any amendment to this Agreement that would amend this Section 8.5 ~~provided, however, that a Zero Revenue Requirement Party that on June 1, 2005 was a party to the Transmission Owners Agreement dated as of June 2, 1997, as amended, and adopted a revenue requirement of zero pursuant to Section 2.2.1 of that agreement, shall be entitled to vote on any matter described in Article 7, any matter described in Section 8.5.1 (e) or any amendment to this Agreement that would amend this Section 8.5 for a period of one year following the effective date of this Agreement.~~

### 9.14.1

The ~~party~~Party is duly organized, validly existing and in good standing under the laws of the jurisdiction where organized;

**ATTACHMENT A**  
**TO THE CONSOLIDATED**  
**TRANSMISSION OWNERS AGREEMENT**

Monongahela Power Company, The Potomac Edison Company and West Penn Power Company, all doing business as Allegheny Power

American Electric Power Service Corporation on behalf of its operating companies: Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company and Wheeling Power Company

Commonwealth Edison Company and Commonwealth Edison Company of Indiana, Inc.

Dayton Power and Light Company

Virginia Electric and Power Company (Dominion Virginia Power)

Public Service Electric and Gas Company

PECO Energy Company

PPL Electric Utilities Corporation

Baltimore Gas and Electric Company

Jersey Central Power & Light Company

Metropolitan Edison Company

Pennsylvania Electric Company

Potomac Electric Power Company

Atlantic City Electric Company

Delmarva Power & Light Company

UGI Utilities, Inc.

Allegheny Electric Cooperative, Inc.

~~NAEACED~~ Rock Springs, LLC

Old Dominion Electric Cooperative

Rockland Electric Company

Duquesne Light Company

Neptune Regional Transmission System, LLC

Trans-Allegheny Interstate Line Company

Linden VFT, LLC

American Transmission Systems, Incorporated

City of Cleveland, Department of Public Utilities, Division of Cleveland Public Power

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

PJM Interconnection, L.L.C.

By: \_\_\_\_\_

Name: Phillip G. Harris

Title: President and CEO

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Monongahela Power Company, The Potomac Edison Company and West Penn Power Company, all doing business as Allegheny Power

By: \_\_\_\_\_

Name: James R. Haney

Title: Vice President

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

American Electric Power Service Corporation

By: \_\_\_\_\_

Name:

Title:

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Exelon Corporation on behalf of its subsidiaries  
Commonwealth Edison Company and Commonwealth Edison  
Company of Indiana, Inc.

By: \_\_\_\_\_

Name: Susan Ivey

Title: Vice President, Transmission Operations and Planning, Exelon  
Corporation

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

The Dayton Power and Light Company

By: \_\_\_\_\_

Name: Patricia K. Swanke

Title: Vice President - Operations

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Virginia Electric and Power Company (Dominion Virginia Power)

By: \_\_\_\_\_

Name: Gary L. Sypolt

Title: President – Dominion Transmission

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Public Service Electric and Gas Company

By: \_\_\_\_\_

Name: Ralph LaRossa

Title: Vice President - Electric Delivery

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Exelon Corporation on behalf of its subsidiary  
PECO Energy Company

By: \_\_\_\_\_

Name: Susan Ivey

Title: Vice President, Transmission Operations and Planning, Exelon Corporation

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

PPL Electric Utilities Corporation

By: \_\_\_\_\_

Name: John F. Sipics

Title: President

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Baltimore Gas and Electric Company

By: \_\_\_\_\_

Name: Mark P. Huston

Title: Vice President, Electric Transmission and Distribution

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Jersey Central Power & Light Company

By: \_\_\_\_\_

Name: Stanley F. Szwed

Title: Vice President – Energy Delivery Policy  
First Energy Service Company

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Metropolitan Edison Company

By: \_\_\_\_\_

Name: Stanley F. Szwed

Title: Vice President – Energy Delivery Policy  
First Energy Service Company

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Pennsylvania Electric Company

By: \_\_\_\_\_

Name: Stanley F. Szwed

Title: Vice President – Energy Delivery Policy  
First Energy Service Company

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Potomac Electric Power Company

By: \_\_\_\_\_

Name: David M. Valazquez

Title: Vice President, Pepco Holdings, Inc.

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Atlantic City Electric Company

By: \_\_\_\_\_

Name: David M. Valazquez

Title: Vice President, Pepco Holdings, Inc.

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Delmarva Power & Light Company

By: \_\_\_\_\_

Name: David M. Valazquez

Title: Vice President, Pepco Holdings, Inc.

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

UGI Utilities, Inc.

By: \_\_\_\_\_

Name: Richard E. Gill

Title: Assistant Secretary - Electric Transmission

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

CED Rock Springs, LLC

By: \_\_\_\_\_

Name:

Title:

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Old Dominion Electric Cooperative

By: \_\_\_\_\_

Name:

Title:

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Rockland Electric Company

By: \_\_\_\_\_

Name:

Title:

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Duquesne Light Company

By: \_\_\_\_\_

Name:

Title:

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Allegheny Electric Cooperative, Inc.

By: \_\_\_\_\_

Name: Richard W. Osborne

Title: Vice President Power Supply & Engineering

Date: December 15, 2005

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Neptune Regional Transmission System, LLC

By: \_\_\_\_\_

Name: Edward M. Stern

Title: CEO

Date: March 7, 2007

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Trans-Allegheny Interstate Line Company

By: \_\_\_\_\_

Name: James R. Haney

Title: Vice President

Date: November 8, 2007

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Linden VFT, LLC

By: \_\_\_\_\_

Name: Andrew J. Keleman

Title: Authorized Representative

Date: April 1, 2009

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

American Transmission Systems, Incorporated

By: \_\_\_\_\_

Name: Richard R. Grigg

Title: President

Date: December 17, 2009

**IN WITNESS WHEREOF**, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

City of Cleveland, Department of Public Utilities  
Division of Cleveland Public Power

By: \_\_\_\_\_

Name: Barry A. Withers

Title: Director

Date: March 22, 2011

**ATTACHMENT C**

**PJM INTERCONNECTION, L.L.C. OPEN ACCESS  
TRANSMISSION TARIFF**

**CLEAN SECTIONS**

## **Definitions – A - B**

### **1.01 Abnormal Condition:**

Any condition on the Interconnection Facilities which, determined in accordance with Good Utility Practice, is: (i) outside normal operating parameters such that facilities are operating outside their normal ratings or that reasonable operating limits have been exceeded; and (ii) could reasonably be expected to materially and adversely affect the safe and reliable operation of the Interconnection Facilities; but which, in any case, could reasonably be expected to result in an Emergency Condition. Any condition or situation that results from lack of sufficient generating capacity to meet load requirements or that results solely from economic conditions shall not, standing alone, constitute an Abnormal Condition.

### **1.0A Affected System:**

An electric system other than the Transmission Provider's Transmission System that may be affected by a proposed interconnection or on which a proposed interconnection or addition of facilities or upgrades may require modifications or upgrades to the Transmission System.

#### **1.0A.01 Affiliate:**

With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

### **1.0B Affected System Operator:**

An entity that operates an Affected System or, if the Affected System is under the operational control of an independent system operator or a regional transmission organization, such independent entity.

### **1.1 Ancillary Services:**

Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

### **1.2 Annual Transmission Costs:**

The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H for each Zone until amended by the applicable Transmission Owner or modified by the Commission.

#### **1.2.01 Applicable Laws and Regulations:**

All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority having jurisdiction over the relevant parties, their respective facilities, and/or the respective services they provide.

### **1.2A Applicable Regional Reliability Council:**

The reliability council for the region in which a Network Customer, Transmission Customer, Interconnection Customer, or Transmission Owner operates.

### **1.2B Applicable Standards:**

The requirements and guidelines of NERC, the Applicable Regional Reliability Council and the Control Area in which the Customer Facility is electrically located, the PJM Manuals and Applicable Technical Requirements and Standards.

### **1.2C Applicable Technical Requirements and Standards:**

Those certain technical requirements and standards applicable to interconnections of generation and/or transmission facilities with the facilities of an Interconnected Transmission Owner or, as the case may be and to the extent applicable, of an Electric Distributor (as defined in Section 1.8 of the Operating Agreement), as published by Transmission Provider in a PJM Manual provided, however, that, with respect to any generation facilities with maximum generating capacity of 2 MW or less for which the Interconnection Customer executes a Construction Service Agreement or Interconnection Service Agreement on or after March 19, 2005, "Applicable Technical Requirements and Standards" shall refer to the "PJM Small Generator Interconnection Applicable Technical Requirements and Standards." All Applicable Technical Requirements and Standards shall be publicly available through postings on Transmission Provider's internet website.

### **1.3 Application:**

A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.

### **1.3A Attachment Facilities:**

The facilities necessary to physically connect a Customer Facility to the Transmission System or interconnected distribution facilities.

### **1.3AA Attachment H**

Attachment H shall refer collectively to the Attachments to the PJM Tariff with the prefix "H-" that set forth, among other things, the Annual Transmission Rates for Network Integration Transmission Service in the PJM Zones.

### **1.3B Behind The Meter Generation:**

Behind The Meter Generation refers to a generation unit that delivers energy to load without using the Transmission System or any distribution facilities (unless the entity that owns or leases the distribution facilities has consented to such use of the distribution facilities and such consent has been demonstrated to the satisfaction of the Office of the Interconnection); provided, however, that Behind The Meter Generation does not include (i) at any time, any portion of such generating unit's capacity that is designated as a Generation Capacity Resource; or (ii) in an hour, any portion of the output of such generating unit[s] that is sold to another entity for consumption at another electrical location or into the PJM Interchange Energy Market.

### **1.3BB Black Start Service:**

Black Start Service is the capability of generating units to start without an outside electrical supply or the demonstrated ability of a generating unit with a high operating factor (subject to Transmission Provider concurrence) to automatically remain operating at reduced levels when disconnected from the grid.

#### **1.3BB.01 Breach:**

The failure of a party to perform or observe any material term or condition of Part IV or Part VI of the Tariff, or any agreement entered into thereunder as described in the relevant provisions of such agreement.

#### **1.3BB.02 Breaching Party:**

A party that is in Breach of Part IV or Part VI and/or an agreement entered into thereunder.

## **Definitions – L – M - N**

### **1.15A List of Approved Contractors:**

A list developed by each Transmission Owner and published in a PJM Manual of (a) contractors that the Transmission Owner considers to be qualified to install or construct new facilities and/or upgrades or modifications to existing facilities on the Transmission Owner's system, provided that such contractors may include, but need not be limited to, contractors that, in addition to providing construction services, also provide design and/or other construction-related services, and (b) manufacturers or vendors of major transmission-related equipment (e.g., high-voltage transformers, transmission line, circuit breakers) whose products the Transmission Owner considers acceptable for installation and use on its system.

### **1.16 Load Ratio Share:**

Ratio of a Transmission Customer's Network Load to the Transmission Provider's total load.

### **1.17 Load Shedding:**

The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part II or Part III of the Tariff.

### **1.17A Local Upgrades:**

Modifications or additions of facilities to abate any local thermal loading, voltage, short circuit, stability or similar engineering problem caused by the interconnection and delivery of generation to the Transmission System. Local Upgrades shall include:

(i) Direct Connection Local Upgrades which are Local Upgrades that only serve the Customer Interconnection Facility and have no impact or potential impact on the Transmission System until the final tie-in is complete; and

(ii) Non-Direct Connection Local Upgrades which are parallel flow Local Upgrades that are not Direct Connection Local Upgrades.

### **1.18 Long-Term Firm Point-To-Point Transmission Service:**

Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

### **1.18A MAAC:**

The Mid-Atlantic Area Council, a reliability council under section 202 of the Federal Power Act, established pursuant to the MAAC Agreement dated 1 August 1994, or any successor thereto.

### **1.18A.01 MAAC Control Zone:**

The aggregate of the zones of Atlantic City Electric Company, Baltimore Gas and Electric Company, Delmarva Power and Light Company, Jersey Central Power and Light Company, Metropolitan Edison Company, PECO Energy Company, Pennsylvania Electric Company, Pennsylvania Power & Light Group, Potomac Electric Power Company, Public Service Electric and Gas Company and Rockland Electric Company.

### **1.18A.02 Material Modification:**

Any modification to an Interconnection Request that has a material adverse effect on the cost or timing of Interconnection Studies related to, or any Network Upgrades or Local Upgrades needed to accommodate, any Interconnection Request with a later Queue Position.

### **1.18A.03 Maximum Facility Output:**

The maximum (not nominal) net electrical power output in megawatts, specified in the Interconnection Service Agreement, after supply of any parasitic or host facility loads, that a Generation Interconnection Customer's Customer Facility is expected to produce, provided that the specified Maximum Facility Output shall not exceed the output of the proposed Customer Facility that Transmission Provider utilized in the System Impact Study.

### **1.18B Merchant A.C. Transmission Facilities:**

Merchant Transmission Facilities that are alternating current (A.C.) transmission facilities, other than those that are Controllable A.C. Merchant Transmission Facilities.

### **1.18C Merchant D.C. Transmission Facilities:**

Direct current (D.C.) transmission facilities that are interconnected with the Transmission System pursuant to Part IV and Part VI of the Tariff.

### **1.18D Merchant Network Upgrades:**

Merchant A.C. Transmission Facilities that are additions to, or modifications or replacements of, physical facilities of the Interconnected Transmission Owner that, on the date of the pertinent Transmission Interconnection Customer's Interconnection Request, are part of the Transmission System or are included in the Regional Transmission Expansion Plan.

### **1.18E Merchant Transmission Facilities:**

A.C. or D.C. transmission facilities that are interconnected with or added to the Transmission System pursuant to Part IV and Part VI of the Tariff and that are so identified on Attachment T to the Tariff, provided, however, that Merchant Transmission Facilities shall not include (i) any Customer Interconnection Facilities, (ii) any physical facilities of the Transmission System that were in existence on or before March 20, 2003 ; (iii) any expansions or enhancements of the

Transmission System that are not identified as Merchant Transmission Facilities in the Regional Transmission Expansion Plan and Attachment T to the Tariff, or (iv) any transmission facilities that are included in the rate base of a public utility and on which a regulated return is earned.

**1.18F Merchant Transmission Provider:**

An Interconnection Customer that (1) owns, controls, or controls the rights to use the transmission capability of, Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities that connect the Transmission System with another control area, (2) has elected to receive Transmission Injection Rights and Transmission Withdrawal Rights associated with such facility pursuant to Section 36 of the Tariff, and (3) makes (or will make) the transmission capability of such facilities available for use by third parties under terms and conditions approved by the Commission and stated in the Tariff, consistent with Section 38 below.

**1.18G Metering Equipment:**

All metering equipment installed at the metering points designated in the appropriate appendix to an Interconnection Service Agreement.

**1.19 Native Load Customers:**

The wholesale and retail power customers of a Transmission Owner on whose behalf the Transmission Owner, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate the Transmission Owner's system to meet the reliable electric needs of such customers.

**1.19A NERC:**

The North American Electric Reliability Council or any successor thereto.

**1.19B Neutral Party**

Shall have the meaning provided in Section 9.3(v).

**1.20 Network Customer:**

An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff.

**1.21 Network Integration Transmission Service:**

The transmission service provided under Part III of the Tariff.

**1.22 Network Load:**

The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load (including losses) served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

### **1.23 Network Operating Agreement:**

An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.

### **1.24 Network Operating Committee:**

A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.

### **1.25 Network Resource:**

Any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.

### **1.26 Network Upgrades:**

Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System. Network Upgrades shall include:

(i) **Direct Connection Network Upgrades** which are Network Upgrades that only serve the Customer Interconnection Facility and have no impact or potential impact on the Transmission System until the final tie-in is complete; and

(ii) **Non-Direct Connection Network Upgrades** which are parallel flow Network Upgrades that are not Direct Connection Network Upgrades.

### **1.26A New PJM Zone(s):**

The Zone included in this Tariff, along with applicable Schedules and Attachments, for Commonwealth Edison Company, The Dayton Power and Light Company and the AEP East Operating Companies (Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company and Wheeling Power Company).

**1.26B New Service Customers:**

All customers that submit an Interconnection Request, a Completed Application, or an Upgrade Request that is pending in the New Services Queue.

**1.26C New Service Request:**

An Interconnection Request, a Completed Application, or an Upgrade Request.

**1.26D New Services Queue:**

All Interconnection Requests, Completed Applications, and Upgrade Requests that are received within each three-month period ending on January 31, April 30, July 31, and October 31 of each year shall collectively comprise a New Services Queue.

**1.26E New Services Queue Closing Date:**

Each January 31, April 30, July 31, and October 31 shall be the Queue Closing Date for the New Services Queue comprised of Interconnection Requests, Completed Applications, and Upgrade Requests received during the three-month period ending on such date.

**1.26F Nominal Rated Capability:**

The nominal maximum rated capability in megawatts of a Transmission Interconnection Customer's Customer Facility or the nominal increase in transmission capability in megawatts of the Transmission System resulting from the interconnection or addition of a Transmission Interconnection Customer's Customer Facility, as determined in accordance with pertinent Applicable Standards and specified in the Interconnection Service Agreement.

**1.27 Non-Firm Point-To-Point Transmission Service:**

Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

**1.27.01 Non-Firm Sale:**

An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.

**1.27A Non-Firm Transmission Withdrawal Rights:**

The rights to schedule energy withdrawals from a specified point on the Transmission System. Non-Firm Transmission Withdrawal Rights may be awarded only to a Merchant D.C. Transmission Facility that connects the Transmission System to another control area. Withdrawals scheduled using Non-Firm Transmission Withdrawal Rights have rights similar to those under Non-Firm Point-to-Point Transmission Service.

**1.27AA Non-Retail Behind The Meter Generation:**

Behind the Meter Generation that is used by municipal electric systems, electric cooperatives, or electric distribution companies to serve load.

**1.27B Non-Zone Network Load:**

Network Load that is located outside of the PJM Region.

## **9.1 Rights of the Transmission Owners:**

(a) The Transmission Owners shall have the exclusive and unilateral rights to file pursuant to Section 205 of the Federal Power Act and the FERC's rules and regulations thereunder for any changes in or relating to the establishment and recovery of the Transmission Owners' transmission revenue requirements or the transmission rate design under the PJM Tariff, and such filing rights shall also encompass any provisions of the PJM Tariff governing the recovery of transmission-related costs incurred by the Transmission Owners. Nothing herein is intended to limit or change the right of individual Transmission Owners under Section 2.2.1 of the PJM Tariff to make their own Section 205 filings to change the transmission revenue requirement within their own zones, including the right of individual Transmission Owners to file for zonal transmission revenue requirements based on incentive or performance factors. The Transmission Owners may only file under Section 205 to change the transmission rate design for the PJM Region pursuant to a filing approved in accordance with Section 8.5.1 of the Consolidated Transmission Owners Agreement.

(b) If the Transmission Owners agree upon a change in accordance with Section 9.1(a), the Transmission Owners shall make such filing jointly pursuant to Section 205 of the Federal Power Act. For purposes of administrative convenience, at the request of the Transmission Owners, the Office of Interconnection may, but shall not be required to, make the Section 205 filing with the FERC on behalf of the Transmission Owners; provided that any such filing by the Office of Interconnection shall be deemed for all purposes under the Federal Power Act to be a filing of the Transmission Owners. The Transmission Owners shall consult with PJM and the PJM Members Committee beginning no less than thirty (30) days prior to any Section 205 filing hereunder, but neither PJM (except as provided for in Section 9.3) nor the PJM Members Committee shall have any rights to veto or delay the Transmission Owners' Section 205 filing hereunder; provided that the Transmission Owners may file with less than a full 30 day advance consultation in circumstances where imminent harm to system reliability or imminent severe economic harm to electric consumers requires a prompt Section 205 filing; provided further that the Transmission Owners shall provide as much advance notice and consultation with PJM and the PJM Members Committee as is practicable in such circumstances and no such filing shall be made with less than 24 hours' advance notice.

(c) Nothing herein is intended to limit the rights of the Transmission Owners, PJM or any other person to oppose such a Section 205 filing pursuant to Section 206 or any other applicable provision of the Federal Power Act.

(d) In accordance with Section 9.1(a), the following provisions of the PJM Tariff and any successors thereto shall be within the Transmission Owners' exclusive and unilateral rights to make Section 205 filings: Section 34; Schedule 1A; Schedule 7 (except as to transmission congestion charges under Attachment K to the PJM Tariff or any successor thereto); Schedule 8 (except as to transmission congestion charges under Attachment K to the PJM Tariff or any successor thereto); Schedule 11; Schedule 12; Attachment H-A; Attachment J; and Attachment R, provided, however, that if a filing pursuant to Section 205 is required to effect a change in any of the foregoing provisions of the PJM Tariff solely by reason of a filing by an individual Transmission Owner pursuant to Section 9.1(e), PJM may make such filing if, (i) five business

days prior to making such filing, PJM provides the Transmission Owners with each proposed change including an explanation thereof and (ii) no Transmission Owner notifies PJM that it objects to PJM making such filing.

(e) In accordance with Section 9.1(a), the following provisions of the PJM Tariff and any successors thereto shall be within the exclusive and unilateral rights to make Section 205 filings of the individual Transmission Owner to which the provisions apply: (i) Attachment H (other than Attachment H-A) (except as to transmission congestion charges under Attachment K to the PJM Tariff or any successor thereto); (ii) Attachment M-1 (First Energy); (iii) Attachment M-2 (First Energy); (iv) Procedures for Load Determination (PSE&G); (v) Procedures for Determination of Peak Load Contributions and Hourly Load Obligations for Retail Customers (Atlantic City); and (vi) Procedures for Determination of Peak Load Contributions and Hourly Load Obligations for Retail Customers (Delmarva).

(f) The listing of provisions in Sections (d) and (e) above is not exclusive, and the failure to specify a provision of the PJM Tariff in Section 9.1(d) or (e) shall not be deemed to be an admission or agreement by the Transmission Owners that such provision or any change thereto does not relate to the establishment and recovery of the Transmission Owners' transmission revenue requirements or the transmission rate design under the PJM Tariff, or encompass any provisions of the PJM Tariff governing the recovery of transmission-related costs incurred by the Transmission Owners. The Transmission Owners reserve their rights to assert that other provisions of the PJM OATT should be included within their Section 205 rights, and PJM reserves its rights to contest such assertions.

(g) The Transmission Owners' Section 205 rights shall include the unilateral right to file for incentive and performance based rates that affect or relate to the establishment or recovery of transmission revenue requirements, transmission rate design, or any performance or incentive based rates in which the incentives to the Transmission Owners may be measured by savings or efficiencies in the power or ancillary services markets resulting from the construction, operation or maintenance of transmission facilities. Nothing in this Tariff is intended to limit PJM's right to make Section 205 filings to establish incentive or performance based rates applicable to market participants, provided that PJM must obtain the prior approval of the Transmission Owners (pursuant to Section 8.5.1 of the Consolidated Transmission Owners Agreement) for any portion of such a filing that reasonably could be expected to affect the establishment and recovery of the Transmission Owners' transmission revenue requirements, transmission rate design or recovery of transmission-related costs by the Transmission Owners.

(h) Nothing contained in the Tariff, any Service Agreement or any Network Operating Agreement shall be construed as affecting in any way the exclusive and unilateral right of the Transmission Owners to make application to the Federal Energy Regulatory Commission for any change in accordance with this Section 9.1 under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

### **9.3 Disputes Regarding Filing Rights:**

If at the time that a proposal to change or amend any part of the PJM Tariff, or to add any new provision, is submitted to PJM or the Transmission Owners for consultation pursuant to Section 9.1(b) or 9.2(b), a dispute arises as to which Party has Section 205 rights to make such filing, the following procedures shall apply:

- (i) The Consolidated Transmission Owners Agreement Administrative Committee and PJM shall meet promptly prior to the filing in order to resolve the dispute. Such resolution may include a joint Section 205 filing by the Transmission Owners and PJM.
- (ii) If the Transmission Owners propose to make the Section 205 filing, they shall defer such filing beyond the thirty (30) day notice and consultation period provided for in Section 9.1(b) for up to ten (10) additional days at the request of PJM to allow the dispute to be resolved.
- (iii) If PJM proposes to make the Section 205 filing it shall defer any filing beyond the seven (7) day notice and consultation period provided for in Section 9.2(b) for up to ten (10) additional days to allow the dispute to be resolved;
- (iv) In order to resolve a dispute, the agreement of the Transmission Owners must be obtained by vote in accordance with Section 8.5.1 of the Consolidated Transmission Owners Agreement;
- (v) If the Parties are unable to reach agreement among themselves, the matter shall be presented to and resolved by a Neutral Party chosen as follows and, except as provided in this Section 9.3(v), such resolution shall be binding on the Parties: The Chairman of the Consolidated Transmission Owners Agreement Administrative Committee (or his/her designee) and an executive of PJM chosen by the President shall choose the Neutral Party and shall have authority to enter into an agreement that will make the Neutral Party available on a prompt basis to resolve disputes hereunder, and any costs associated with the Neutral Party shall be shared equally between the Transmission Owners and PJM. The Chairman of the Consolidated Transmission Owners Agreement Administrative Committee (or his/her designee) and an executive of PJM chosen by the President may replace the Neutral Party at any time they mutually deem such action to be appropriate or necessary. The decision of the Neutral Party as to which Parties have Section 205 rights hereunder shall be made within the period provided for consultation between the Transmission Owners and PJM as set forth in Sections 9.3(ii) or 9.2(iii), as applicable. Interested parties (including the Parties) may file a complaint seeking review by the FERC of the Neutral Party's decision, and the FERC's authority to interpret which Parties have Section 205 rights shall not be limited by the Neutral Party's decision as it relates to these disputes.
- (vi) Nothing in this Section 9.3 is intended to limit the Parties' rights to make filings pursuant to Section 206 of the Federal Power Act prior to resolution of such dispute.

**ATTACHMENT D**

**PJM INTERCONNECTION, L.L.C. OPEN ACCESS  
TRANSMISSION TARIFF**

**REDLINED SECTIONS**

## **Definitions – A - B**

### **1.01 Abnormal Condition:**

Any condition on the Interconnection Facilities which, determined in accordance with Good Utility Practice, is: (i) outside normal operating parameters such that facilities are operating outside their normal ratings or that reasonable operating limits have been exceeded; and (ii) could reasonably be expected to materially and adversely affect the safe and reliable operation of the Interconnection Facilities; but which, in any case, could reasonably be expected to result in an Emergency Condition. Any condition or situation that results from lack of sufficient generating capacity to meet load requirements or that results solely from economic conditions shall not, standing alone, constitute an Abnormal Condition.

### **1.0A Affected System:**

An electric system other than the Transmission Provider's Transmission System that may be affected by a proposed interconnection or on which a proposed interconnection or addition of facilities or upgrades may require modifications or upgrades to the Transmission System.

#### **1.0A.01 Affiliate:**

With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

### **1.0B Affected System Operator:**

An entity that operates an Affected System or, if the Affected System is under the operational control of an independent system operator or a regional transmission organization, such independent entity.

### **1.1 Ancillary Services:**

Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

### **1.2 Annual Transmission Costs:**

The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H for each Zone until amended by the applicable Transmission Owner or modified by the Commission.

#### **1.2.01 Applicable Laws and Regulations:**

All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority having jurisdiction over the relevant parties, their respective facilities, and/or the respective services they provide.

### **1.2A Applicable Regional Reliability Council:**

The reliability council for the region in which a Network Customer, Transmission Customer, Interconnection Customer, or Transmission Owner operates.

### **1.2B Applicable Standards:**

The requirements and guidelines of NERC, the Applicable Regional Reliability Council and the Control Area in which the Customer Facility is electrically located, the PJM Manuals and Applicable Technical Requirements and Standards.

### **1.2C Applicable Technical Requirements and Standards:**

Those certain technical requirements and standards applicable to interconnections of generation and/or transmission facilities with the facilities of an Interconnected Transmission Owner or, as the case may be and to the extent applicable, of an Electric Distributor (as defined in Section 1.8 of the Operating Agreement), as published by Transmission Provider in a PJM Manual provided, however, that, with respect to any generation facilities with maximum generating capacity of 2 MW or less for which the Interconnection Customer executes a Construction Service Agreement or Interconnection Service Agreement on or after March 19, 2005, "Applicable Technical Requirements and Standards" shall refer to the "PJM Small Generator Interconnection Applicable Technical Requirements and Standards." All Applicable Technical Requirements and Standards shall be publicly available through postings on Transmission Provider's internet website.

### **1.3 Application:**

A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.

### **1.3A Attachment Facilities:**

The facilities necessary to physically connect a Customer Facility to the Transmission System or interconnected distribution facilities.

#### **1.3AA Attachment H**

Attachment H shall refer collectively to the Attachments to the PJM Tariff with the prefix "H-" that set forth, among other things, the Annual Transmission Rates for Network Integration Transmission Service in the PJM Zones.

### **1.3B Behind The Meter Generation:**

Behind The Meter Generation refers to a generation unit that delivers energy to load without using the Transmission System or any distribution facilities (unless the entity that owns or leases the distribution facilities has consented to such use of the distribution facilities and such consent has been demonstrated to the satisfaction of the Office of the Interconnection); provided, however, that Behind The Meter Generation does not include (i) at any time, any portion of such generating unit's capacity that is designated as a Generation Capacity Resource; or (ii) in an hour, any portion of the output of such generating unit[s] that is sold to another entity for consumption at another electrical location or into the PJM Interchange Energy Market.

### **1.3BB Black Start Service:**

Black Start Service is the capability of generating units to start without an outside electrical supply or the demonstrated ability of a generating unit with a high operating factor (subject to Transmission Provider concurrence) to automatically remain operating at reduced levels when disconnected from the grid.

### **1.3BB.01 Breach:**

The failure of a party to perform or observe any material term or condition of Part IV or Part VI of the Tariff, or any agreement entered into thereunder as described in the relevant provisions of such agreement.

### **1.3BB.02 Breaching Party:**

A party that is in Breach of Part IV or Part VI and/or an agreement entered into thereunder.

## **Definitions – L – M - N**

### **1.15A List of Approved Contractors:**

A list developed by each Transmission Owner and published in a PJM Manual of (a) contractors that the Transmission Owner considers to be qualified to install or construct new facilities and/or upgrades or modifications to existing facilities on the Transmission Owner's system, provided that such contractors may include, but need not be limited to, contractors that, in addition to providing construction services, also provide design and/or other construction-related services, and (b) manufacturers or vendors of major transmission-related equipment (e.g., high-voltage transformers, transmission line, circuit breakers) whose products the Transmission Owner considers acceptable for installation and use on its system.

### **1.16 Load Ratio Share:**

Ratio of a Transmission Customer's Network Load to the Transmission Provider's total load.

### **1.17 Load Shedding:**

The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part II or Part III of the Tariff.

### **1.17A Local Upgrades:**

Modifications or additions of facilities to abate any local thermal loading, voltage, short circuit, stability or similar engineering problem caused by the interconnection and delivery of generation to the Transmission System. Local Upgrades shall include:

(i) Direct Connection Local Upgrades which are Local Upgrades that only serve the Customer Interconnection Facility and have no impact or potential impact on the Transmission System until the final tie-in is complete; and

(ii) Non-Direct Connection Local Upgrades which are parallel flow Local Upgrades that are not Direct Connection Local Upgrades.

### **1.18 Long-Term Firm Point-To-Point Transmission Service:**

Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

### **1.18A MAAC:**

The Mid-Atlantic Area Council, a reliability council under section 202 of the Federal Power Act, established pursuant to the MAAC Agreement dated 1 August 1994, or any successor thereto.

### **1.18A.01 MAAC Control Zone:**

The aggregate of the zones of Atlantic City Electric Company, Baltimore Gas and Electric Company, Delmarva Power and Light Company, Jersey Central Power and Light Company, Metropolitan Edison Company, PECO Energy Company, Pennsylvania Electric Company, Pennsylvania Power & Light Group, Potomac Electric Power Company, Public Service Electric and Gas Company and Rockland Electric Company.

### **1.18A.02 Material Modification:**

Any modification to an Interconnection Request that has a material adverse effect on the cost or timing of Interconnection Studies related to, or any Network Upgrades or Local Upgrades needed to accommodate, any Interconnection Request with a later Queue Position.

### **1.18A.03 Maximum Facility Output:**

The maximum (not nominal) net electrical power output in megawatts, specified in the Interconnection Service Agreement, after supply of any parasitic or host facility loads, that a Generation Interconnection Customer's Customer Facility is expected to produce, provided that the specified Maximum Facility Output shall not exceed the output of the proposed Customer Facility that Transmission Provider utilized in the System Impact Study.

### **1.18B Merchant A.C. Transmission Facilities:**

Merchant Transmission Facilities that are alternating current (A.C.) transmission facilities, other than those that are Controllable A.C. Merchant Transmission Facilities.

### **1.18C Merchant D.C. Transmission Facilities:**

Direct current (D.C.) transmission facilities that are interconnected with the Transmission System pursuant to Part IV and Part VI of the Tariff.

### **1.18D Merchant Network Upgrades:**

Merchant A.C. Transmission Facilities that are additions to, or modifications or replacements of, physical facilities of the Interconnected Transmission Owner that, on the date of the pertinent Transmission Interconnection Customer's Interconnection Request, are part of the Transmission System or are included in the Regional Transmission Expansion Plan.

### **1.18E Merchant Transmission Facilities:**

A.C. or D.C. transmission facilities that are interconnected with or added to the Transmission System pursuant to Part IV and Part VI of the Tariff and that are so identified on Attachment T to the Tariff, provided, however, that Merchant Transmission Facilities shall not include (i) any Customer Interconnection Facilities, (ii) any physical facilities of the Transmission System that were in existence on or before March 20, 2003 ; (iii) any expansions or enhancements of the

Transmission System that are not identified as Merchant Transmission Facilities in the Regional Transmission Expansion Plan and Attachment T to the Tariff, or (iv) any transmission facilities that are included in the rate base of a public utility and on which a regulated return is earned.

**1.18F Merchant Transmission Provider:**

An Interconnection Customer that (1) owns, controls, or controls the rights to use the transmission capability of, Merchant D.C. Transmission Facilities and/or Controllable A.C. Merchant Transmission Facilities that connect the Transmission System with another control area, (2) has elected to receive Transmission Injection Rights and Transmission Withdrawal Rights associated with such facility pursuant to Section 36 of the Tariff, and (3) makes (or will make) the transmission capability of such facilities available for use by third parties under terms and conditions approved by the Commission and stated in the Tariff, consistent with Section 38 below.

**1.18G Metering Equipment:**

All metering equipment installed at the metering points designated in the appropriate appendix to an Interconnection Service Agreement.

**1.19 Native Load Customers:**

The wholesale and retail power customers of a Transmission Owner on whose behalf the Transmission Owner, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate the Transmission Owner's system to meet the reliable electric needs of such customers.

**1.19A NERC:**

The North American Electric Reliability Council or any successor thereto.

**1.19B Neutral Party**

Shall have the meaning provided in Section 9.3(v).

**1.20 Network Customer:**

An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff.

**1.21 Network Integration Transmission Service:**

The transmission service provided under Part III of the Tariff.

**1.22 Network Load:**

The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load (including losses) served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

### **1.23 Network Operating Agreement:**

An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.

### **1.24 Network Operating Committee:**

A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.

### **1.25 Network Resource:**

Any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.

### **1.26 Network Upgrades:**

Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System. Network Upgrades shall include:

(i) **Direct Connection Network Upgrades** which are Network Upgrades that only serve the Customer Interconnection Facility and have no impact or potential impact on the Transmission System until the final tie-in is complete; and

(ii) **Non-Direct Connection Network Upgrades** which are parallel flow Network Upgrades that are not Direct Connection Network Upgrades.

#### **1.26A New PJM Zone(s):**

The Zone included in this Tariff, along with applicable Schedules and Attachments, for Commonwealth Edison Company, The Dayton Power and Light Company and the AEP East Operating Companies (Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company and Wheeling Power Company).

**1.26B New Service Customers:**

All customers that submit an Interconnection Request, a Completed Application, or an Upgrade Request that is pending in the New Services Queue.

**1.26C New Service Request:**

An Interconnection Request, a Completed Application, or an Upgrade Request.

**1.26D New Services Queue:**

All Interconnection Requests, Completed Applications, and Upgrade Requests that are received within each three-month period ending on January 31, April 30, July 31, and October 31 of each year shall collectively comprise a New Services Queue.

**1.26E New Services Queue Closing Date:**

Each January 31, April 30, July 31, and October 31 shall be the Queue Closing Date for the New Services Queue comprised of Interconnection Requests, Completed Applications, and Upgrade Requests received during the three-month period ending on such date.

**1.26F Nominal Rated Capability:**

The nominal maximum rated capability in megawatts of a Transmission Interconnection Customer's Customer Facility or the nominal increase in transmission capability in megawatts of the Transmission System resulting from the interconnection or addition of a Transmission Interconnection Customer's Customer Facility, as determined in accordance with pertinent Applicable Standards and specified in the Interconnection Service Agreement.

**1.27 Non-Firm Point-To-Point Transmission Service:**

Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

**1.27.01 Non-Firm Sale:**

An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.

**1.27A Non-Firm Transmission Withdrawal Rights:**

The rights to schedule energy withdrawals from a specified point on the Transmission System. Non-Firm Transmission Withdrawal Rights may be awarded only to a Merchant D.C. Transmission Facility that connects the Transmission System to another control area. Withdrawals scheduled using Non-Firm Transmission Withdrawal Rights have rights similar to those under Non-Firm Point-to-Point Transmission Service.

**1.27AA Non-Retail Behind The Meter Generation:**

Behind the Meter Generation that is used by municipal electric systems, electric cooperatives, or electric distribution companies to serve load.

**1.27B Non-Zone Network Load:**

Network Load that is located outside of the PJM Region.

## **9.1 Rights of the Transmission Owners:**

(a) The Transmission Owners shall have the exclusive and unilateral rights to file pursuant to Section 205 of the Federal Power Act and the FERC's rules and regulations thereunder for any changes in or relating to the establishment and recovery of the Transmission Owners' transmission revenue requirements or the transmission rate design under the PJM Tariff, and such filing rights shall also encompass any provisions of the PJM Tariff governing the recovery of transmission-related costs incurred by the Transmission Owners. Nothing herein is intended to limit or change the right of individual Transmission Owners under Section 2.2.1 of the PJM Tariff to make their own Section 205 filings to change the transmission revenue requirement within their own zones, including the right of individual Transmission Owners to file for zonal transmission revenue requirements based on incentive or performance factors. The Transmission Owners may only file under Section 205 to change the transmission rate design for the PJM Region pursuant to a filing approved in accordance with Section 8.5.1 of the Consolidated Transmission Owners Agreement.

(b) If the Transmission Owners agree upon a change in accordance with Section 9.1(a), the Transmission Owners shall make such filing jointly pursuant to Section 205 of the Federal Power Act. For purposes of administrative convenience, at the request of the Transmission Owners, the Office of Interconnection may, but shall not be required to, make the Section 205 filing with the FERC on behalf of the Transmission Owners; provided that any such filing by the Office of Interconnection shall be deemed for all purposes under the Federal Power Act to be a filing of the Transmission Owners. The Transmission Owners shall consult with PJM and the PJM Members Committee beginning no less than thirty (30) days prior to any Section 205 filing hereunder, but neither PJM (except as provided for in Section 9.3) nor the PJM Members Committee shall have any rights to veto or delay the Transmission Owners' Section 205 filing hereunder; provided that the Transmission Owners may file with less than a full 30 day advance consultation in circumstances where imminent harm to system reliability or imminent severe economic harm to electric consumers requires a prompt Section 205 filing; provided further that the Transmission Owners shall provide as much advance notice and consultation with PJM and the PJM Members Committee as is practicable in such circumstances and no such filing shall be made with less than 24 hours' advance notice.

(c) Nothing herein is intended to limit the rights of the Transmission Owners, PJM or any other person to oppose such a Section 205 filing pursuant to Section 206 or any other applicable provision of the Federal Power Act.

(d) In accordance with Section 9.1(a), the following provisions of the PJM Tariff and any successors thereto shall be within the Transmission Owners' exclusive and unilateral rights to make Section 205 filings: Section 34; Schedule 1A; Schedule 7 (except as to transmission congestion charges under Attachment K to the PJM Tariff or any successor thereto); Schedule 8 (except as to transmission congestion charges under Attachment K to the PJM Tariff or any successor thereto); Schedule 11; Schedule 12; Attachment H-A; Attachment J; and Attachment R, provided, however, that if a filing pursuant to Section 205 is required to effect a change in any of the foregoing provisions of the PJM Tariff solely by reason of a filing by an individual Transmission Owner pursuant to Section 9.1(e), PJM may make such filing if, (i) five business

days prior to making such filing, PJM provides the Transmission Owners with each proposed change including an explanation thereof and (ii) no Transmission Owner notifies PJM that it objects to PJM making such filing.

(e) In accordance with Section 9.1(a), the following provisions of the PJM Tariff and any successors thereto shall be within the exclusive and unilateral rights to make Section 205 filings of the individual Transmission Owner to which the provisions apply: ~~(i) Attachments H-1 through H-15 Attachment H (other than Attachment H-A)~~ (except as to transmission congestion charges under Attachment K to the PJM Tariff or any successor thereto); (ii) Attachment M-1 (First Energy); (iii) Attachment M-2 (First Energy); (iv) Procedures for Load Determination (PSE&G); (v) Procedures for Determination of Peak Load Contributions and Hourly Load Obligations for Retail Customers (Atlantic City); and (vi) Procedures for Determination of Peak Load Contributions and Hourly Load Obligations for Retail Customers (Delmarva).

(f) The listing of provisions in Sections (d) and (e) above is not exclusive, and the failure to specify a provision of the PJM Tariff in Section 9.1(d) or (e) shall not be deemed to be an admission or agreement by the Transmission Owners that such provision or any change thereto does not relate to the establishment and recovery of the Transmission Owners' transmission revenue requirements or the transmission rate design under the PJM Tariff, or encompass any provisions of the PJM Tariff governing the recovery of transmission-related costs incurred by the Transmission Owners. The Transmission Owners reserve their rights to assert that other provisions of the PJM OATT should be included within their Section 205 rights, and PJM reserves its rights to contest such assertions.

(g) The Transmission Owners' Section 205 rights shall include the unilateral right to file for incentive and performance based rates that affect or relate to the establishment or recovery of transmission revenue requirements, transmission rate design, or any performance or incentive based rates in which the incentives to the Transmission Owners may be measured by savings or efficiencies in the power or ancillary services markets resulting from the construction, operation or maintenance of transmission facilities. Nothing in this Tariff is intended to limit PJM's right to make Section 205 filings to establish incentive or performance based rates applicable to market participants, provided that PJM must obtain the prior approval of the Transmission Owners (pursuant to Section 8.5.1 of the Consolidated Transmission Owners Agreement) for any portion of such a filing that reasonably could be expected to affect the establishment and recovery of the Transmission Owners' transmission revenue requirements, transmission rate design or recovery of transmission-related costs by the Transmission Owners.

(h) Nothing contained in the Tariff, any Service Agreement or any Network Operating Agreement shall be construed as affecting in any way the exclusive and unilateral right of the Transmission Owners to make application to the Federal Energy Regulatory Commission for any change in accordance with this Section 9.1 under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

### 9.3 Disputes Regarding Filing Rights:

If at the time that a proposal to change or amend any part of the PJM Tariff, or to add any new provision, is submitted to PJM or the Transmission Owners for consultation pursuant to Section 9.1(b) or 9.2(b), a dispute arises as to which Party has Section 205 rights to make such filing, the following procedures shall apply:

- (i) The Consolidated Transmission Owners Agreement Administrative Committee and PJM shall meet promptly prior to the filing in order to resolve the dispute. Such resolution may include a joint Section 205 filing by the Transmission Owners and PJM.
- (ii) If the Transmission Owners propose to make the Section 205 filing, they shall defer such filing beyond the thirty (30) day notice and consultation period provided for in Section 9.1(b) for up to ten (10) additional days at the request of PJM to allow the dispute to be resolved.
- (iii) If PJM proposes to make the Section 205 filing it shall defer any filing beyond the seven (7) day notice and consultation period provided for in Section 9.2(b) for up to ten (10) additional days to allow the dispute to be resolved;
- (iv) In order to resolve a dispute, the agreement of the Transmission Owners must be obtained by vote in accordance with Section 8.5.1 of the Consolidated Transmission Owners Agreement;
- (v) If the Parties are unable to reach agreement among themselves, the matter shall be presented to and resolved by a Neutral Party chosen as follows. ~~Except and, except~~ as provided in this Section 9.3(v), such resolution shall be binding on the Parties. ~~Promptly after this Settlement Agreement has been filed, the:~~ The Chairman of the Consolidated Transmission Owners Agreement Administrative Committee (or his/her designee) and an executive of PJM chosen by the President shall choose the Neutral Party and shall have authority to enter into an agreement that will make the Neutral Party available on a prompt basis to resolve disputes hereunder, and any costs associated with the Neutral Party shall be shared equally between the Transmission Owners and PJM. The Chairman of the Consolidated Transmission Owners Agreement Administrative Committee (or his/her designee) and an executive of PJM chosen by the President may replace the Neutral Party at any time they mutually deem such action to be appropriate or necessary. The decision of the Neutral Party as to which Parties have Section 205 rights hereunder shall be made within the period provided for consultation between the Transmission Owners and PJM as set forth in Sections 9.3(ii) or 9.2(iii), as applicable. Interested parties (including the Parties) may file a complaint seeking review by the FERC of the Neutral Party's decision, and the FERC's authority to interpret which Parties have Section 205 rights shall not be limited by the Neutral Party's decision as it relates to these disputes.
- (vi) Nothing in this Section 9.3 is intended to limit the Parties' rights to make filings pursuant to Section 206 of the Federal Power Act prior to resolution of such dispute.