To:	**Chair of the Transmission Owners Agreement Administrative Committee**
From:	**PPL Electric Utilities Corporation, Exelon Corporation, FirstEnergy Corp., Dominion Energy, Inc., Public Service Enterprise Group Inc.**
Date:	**November 9, 2026**
Re:	**Update regarding October 26, 2026 request to convene a meeting of the TOA-AC to consider amendments to the Consolidated Transmission Owners Agreement**

On October 26, 2026, PPL Electric Utilities Corporation, Exelon Corporation, FirstEnergy Corp., Dominion Energy, Inc., and Public Service Enterprise Group Inc. (collectively, the "Sponsors") requested that, pursuant to Section 8.5.1(a) of the Consolidated Transmission Owners Agreement ("CTOA"), the Chair of the Transmission Owners Agreement Administrative Committee ("TOA-AC") convene a meeting of the TOA-AC upon 30-days' notice for the purpose of considering proposed amendments to the CTOA. The Sponsors requested that, on or after November 30, 2026, the TOA-AC convene a meeting for the purpose of discussing and voting on the proposed amendments to the CTOA.

After receiving feedback from PJM Interconnection, L.L.C. ("PJM") and other stakeholders, the Sponsors will propose to amend the proposed CTOA amendments as follows:

1. **Section 4.1.4(a)** – Deleted the three specific criteria governing PJM transmission planning from the section, such that they are listed only in Article 6, the PJM Rights and Commitments, rather than in both articles and added a reference that such preparation is in accordance with and subject to Section 6.3.4(a) of the CTOA. There is no reason for them to be in both articles, and this move improves the readability of the section. Also added the word "unilateral" to PJM's exclusive responsibility to prepare the Regional Transmission Expansion Plan ("RTEP"). Also added a general reference to the PJM Tariff to take into account PJM planning that supports interconnection, interregional planning, etc.

2. **Section 6.3.3(ii)** - clarified that PJM's rights to develop and submit changes to the RTEP Protocol are "exclusive and unilateral" under Tariff, Section 9.2.

3. **Section 6.3.4 –** added language to the three subsections showing the requirements by which each section can be changed.

   (i) - explained that the RTEP Protocol may be amended pursuant to PJM's "exclusive and unilateral" right to file changes under Tariff, Section 9.2.

   (ii) - acknowledged that Attachment M-3 may be amended by the PJM Transmission Owners under Section 8.5.1(a) of the CTOA and in accordance with Tariff, Section 9.1.

(iii) - acknowledged that the relevant planning delegations of the CTOA may be amended by agreement between PJM and the PJM Transmission Owners.

4. **Section 6.3.10 -** removed language stating that PJM must assist the PJM Transmission Owners in developing changes to Tariff, Section 9.1 and CTOA, Section 7.3 "consistent with the confidentiality provisions of Section 7.3 of this Agreement, including PJM's right to take positions adverse to the Parties before federal and state judicial and administrative bodies."

5. **Section 7.3.1 -** removed language stating that discussions among the PJM Transmission Owners and PJM regarding transmission rates and PJM Regional Rate Design or administration of the PJM Tariff provisions subject to the CTOA may be designated as confidential and may include discussions protected by attorney-client and other privileges, to the extent that PJM and the PJM Transmission Owners share a common interest.

6. **Section 9.15.2** - removed language specifically stating that the PJM Transmission Owners and PJM may enter into agreements to protect and maintain attorney-client and other privileges on matters in which they share a common interest, because it is not necessary.

7. **Attachment B, Section A(iii)** - removed language in the Dispute Resolution Procedures that would allow disputes to be escalated to a meeting with the PJM Board, prior to mediation.

These proposed changes to the October 26, 2026 proposed CTOA amendments are shown in redline below, in Attachment A. The complete set of proposed amendments to the currently effective CTOA are shown in redline below, in Attachment B.

Additionally, on October 26, 2026, the PJM Transmission Owners, pursuant to Article 7 of the CTOA and Section 9 of the PJM Tariff, notified the Members Committee of their intent to agree with PJM to amend Tariff, Section 9.2 in order to effectuate reformation of PJM's governance and filing rights and enhance the efficiency of processes under the PJM Tariff, consistent with the Term Sheet adopted by the Members Committee on September 30, 2026.

Since the October 26, 2026 notice, the PJM Transmission Owners have worked with other stakeholders and PJM to make targeted changes to the proposed amendments to Tariff, Section 9.2, which were reviewed with stakeholders at the November 6, 2026 Governance Page Turn. Sponsors will propose targeted modifications to the proposed Tariff, Section 9.2 amendments that include:

1. **Section 9.2(a)(ii)** - added a new reference to Operating Agreement, Section 10.4 (xxiv), which in turn lists the "jump ball" filings contemplated by Tariff, Section 9.2 as an

explicit and required duty and responsibility of the Office of the Interconnection.[1] Also clarified that an alternate proposal may be "originated" by a Member or the Organization of PJM States, Inc., and noted the requirement that PJM must conclude that the proposal will not compromise the safety or reliability of the bulk electric system of the PJM Region.

2. **Section 9.2(a)(ii)(A) -** made clearer the requirements that, in the case of an alternative proposal originated by a Member, the alternative proposal must be presented to the Members Committee and approved by a two-thirds sector weighted vote.

3. **Section 9.2(a)(ii)(B) -** cleaned up and reorganized the requirements for when an alternate proposal is originated by the Organization of PJM States, Inc.

These proposed changes to the October 26, 2026 proposed Tariff, Section 9.2 amendments are shown in redline below, in Attachment C.

[1] The cross-reference to Operating Agreement, Section 10.4(xxiv) is to a new subsection of the Operating Agreement that must be approved by the Members Committee, along with the other Operating Agreement changes to implement the Members Term Sheet.

Attachment A
Changes to the October 26, 2026 Proposed CTOA Amendments

CONSOLIDATED TRANSMISSION OWNERS AGREEMENT

RATE SCHEDULE FERC No. 42

PROPOSED REVISIONS

CONSOLIDATED
TRANSMISSION OWNERS AGREEMENT

This CONSOLIDATED TRANSMISSION OWNERS AGREEMENT ("Agreement") dated as of the 15th day of December 2005, is made by and among the Transmission Owners (hereinafter referred to collectively as "Parties" and individually as a "Party"). In addition, this Agreement is made by and between the Parties and PJM Interconnection, L.L.C. (hereinafter referred to as "PJM") solely for the purpose of establishing the respective rights and commitments of the Parties and PJM identified herein.

WITNESSETH:

WHEREAS, each Party and PJM, in the exercise of its rights under the Federal Power Act, 16 U.S.C § 824 *et seq.,* voluntarily and independently enters into this Agreement;

WHEREAS, on the date of initial execution of this Agreement, all then existing Parties had, pursuant to three separate Transmission Owner(s) agreements, previously agreed to transfer functional control of their Transmission Facilities to PJM;

WHEREAS, the Parties, acting pursuant to the three separate Transmission Owner(s) agreements, have agreed to consolidate the three separate Transmission Owner(s) agreements into this Agreement for the purposes established herein; and

WHEREAS, PJM's rights and commitments provided herein are in consideration of the Parties' commitments to PJM as set forth herein.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and promises made herein, the Parties and PJM agree as follows:

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:

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.

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.

Agreement

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

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.

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.

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.

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.

Effective Date

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

FERC

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

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, including relevant practices required by the Federal Power Act.

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.

Interconnection Customer

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

Joint Transmission Rate

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

NERC

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

Neutral Party

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

Office of the Interconnection

Office of the Interconnection shall mean the employees and agents of PJM Interconnection, L.L.C. subject to the supervision and oversight of the PJM Board.

Open Access Same-Time Information System (OASIS)

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

Operating Agreement

Operating Agreement shall mean that certain Amended and Restated Operating Agreement of PJM Interconnection, L.L.C., dated April 1, 1997 and as amended and restated June 2, 1997, including all Schedules, Exhibits, Appendices, addenda or supplements thereto, and as amended from time to time thereafter, among the members of PJM, on file with FERC.

PJM

For purposes of this Agreement, PJM shall mean PJM Interconnection, L.L.C., including the Office of the Interconnection as defined herein, and PJM Settlement, Inc.

PJM Board

PJM Board shall mean the Board of Managers of PJM Interconnection, L.L.C.

PJM Region

PJM Region shall mean the aggregate of the PJM Zones within PJM as set forth in the PJM Tariff, Attachment J.

PJM Regional Rate Design

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

PJM Manuals

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

PJM Open Access Transmission Tariff or PJM Tariff

PJM Open Access Transmission Tariff or PJM Tariff shall mean that certain PJM Open Access Transmission Tariff, including any schedules, appendices or exhibits attached thereto, on file with FERC and as amended from time to time thereafter.

PJM Zone

A PJM Zone shall mean a transmission zone as shown in PJM Tariff, Attachment J.

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.

Regional Transmission Expansion Plan

Regional Transmission Expansion Plan shall mean the plan prepared by the Office of the Interconnection pursuant to the Regional Transmission Expansion Planning Protocol for the enhancement and expansion of the Transmission Facilities comprising the Transmission System in order to meet the demands for firm transmission service in the PJM Region.

Regional Transmission Expansion Planning Protocol

Regional Transmission Expansion Planning Protocol shall mean PJM Tariff, Schedule 19, or any successor thereto.

Required Transmission Enhancements

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

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, as that term is defined in the applicable FERC regulations.

Transmission Customer

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

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 the PJM Region to serve the power and transmission customers within such region, regardless of whether the facilities are included in the transmission facilities list maintained by PJM.

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.

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 PJM Manuals.

Transmission System

Transmission System shall mean the Transmission Facilities of the Parties in the PJM Region.

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.

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 PJM Tariff, Schedules 7 and 8 and PJM Tariff, Attachment H.

ARTICLE 2 – PURPOSES AND OBJECTIVES OF THIS AGREEMENT

2.1 Purposes and Objectives

The Parties have entered into this Agreement to: (i) facilitate the coordination of planning and operation of their respective Transmission Facilities within the PJM Region; (ii) transfer certain planning and operating responsibilities to PJM; (iii) provide for regional transmission service pursuant to the PJM Tariff and subject to administration by PJM; and (iv) establish certain rights and obligations that will apply exclusively to the Parties and PJM as set forth in this Agreement.

2.2 Exercise of PJM's Responsibilities and Commitments

PJM's responsibilities and commitments under this Agreement shall be exercised exclusively and unilaterally by the PJM Board or by the PJM Office of the Interconnection subject to the supervision and oversight of the PJM Board, in the same manner as it acts to file to make changes in or relating to the terms and conditions of the PJM Tariff. Said responsibilities and commitments under this Agreement shall not be assigned or delegated, whether voluntarily, involuntarily, by operation of law, or otherwise, without the prior authorization by the Administrative Committee as specifically provided for in this Agreement. Any purported assignment or delegation in violation of this Section is null and void. Provided that nothing herein is intended to prevent PJM from utilizing contractors or consultants in performing its functions under this Agreement, provided they are under the supervision of PJM in accordance with Operating Agreement, Section 18.17.

ARTICLE 3 – PARTICIPATION IN THIS AGREEMENT

3.1 Parties.

It is the intent of the Parties and PJM that this Agreement serve as the sole Transmission Owners Agreement for all Transmission Facilities in PJM. Further, it is the agreement of the Parties and PJM that any entity that: (i) owns, or, in the case of leased facilities, has rights equivalent to ownership in, Transmission Facilities; (ii) has in place all equipment and facilities necessary for safe and reliable operation of such Transmission Facilities as part of the PJM Region; and (iii) has committed to transfer functional control of its Transmission Facilities to PJM shall become a Party to this Agreement. Any disputes regarding whether an entity has satisfied the requirements for becoming a Party in this Section 3.1 shall be subject to the dispute resolution procedures set out in this Agreement.

Prior to this Agreement becoming effective as to any such entity, each of the following events shall have occurred:

i. The Operating Agreement is in full force and effect.
ii. The Operating Agreement has been executed by the entity.
iii. This Agreement has been executed by the entity.
iv. All required regulatory approvals have been obtained.

The Parties to this Agreement are listed in Attachment A.

3.2 Withdrawal From This Agreement.

Any Party may withdraw from this Agreement upon ninety (90) days advance written notice to PJM and the other Parties; provided that such withdrawal shall not be effective until the withdrawing Party has: (i) if its Transmission Facilities do not comprise an entire Control Area, satisfied all applicable standards of NERC and the Applicable Regional Reliability Council for operating a Control Area or being included within an existing Control Area; (ii) put in place alternative arrangements for satisfaction of the FERC's requirements with respect to comparable transmission services; and (iii) made a filing with the FERC under Section 205 of the Federal Power Act to withdraw from this Agreement, and such filing has been approved, accepted without suspension, or if suspended, the suspension period has expired before the FERC has issued an order on the merits of the filing. Notwithstanding the forgoing, a Zero Revenue Requirement Party may withdraw from this Agreement in the particular circumstance of permanent removal of its owned Transmission Facilities from service, provided that such Party has:(a) provided written notice to PJM and the parties to the Operating Agreement at least twelve months in advance of the intended date of retirement of its owned Transmission Facilities, and (b) complied with all reasonable requirements of PJM for restoration, to the maximum extent reasonably attainable, of the PJM Transmission System to the same configuration and operational capability that existed prior to such Party's installation of its owned Transmission Facilities. Withdrawal from this Agreement shall not terminate a Party's membership pursuant to the Operating Agreement or the Reliability Assurance Agreement or its participation in PJM other than with respect to the functions transferred to PJM under this Agreement.

3.3 Transfers or Assignments.

A Party that transfers or assigns its ownership of, or its rights equivalent to ownership in, Transmission Facilities shall require the transferee or assignee to assume all rights and obligations under this Agreement and to become a Party to this Agreement.

3.4 Obligations After Withdrawal, Transfer, or Assignment.

Any Party that withdraws from, transfers, or assigns this Agreement in accordance with Sections 3.2 or 3.3 hereof, shall remain liable for any and all obligations under this Agreement that such Party incurred, that were incurred on behalf such Party, or that arose hereunder prior to the date upon which such Party's withdrawal, transfer, or assignment became effective. Withdrawal from, transfer, or assignment of this Agreement shall not relieve such Party of any of its indemnification or liability obligations pursuant to Article 9 hereof for any events occurring prior to the time that its withdrawal from this Agreement became effective.

3.5 Cessation of Effectiveness.

Subject to provisions of this Agreement providing for survival and Section 3.4, this Agreement shall cease to be effective with respect to any function PJM provides under, or in connection with, this Agreement in the event that PJM ceases to be approved by FERC to perform the responsibilities transferred to PJM by this Agreement, in the event that all Transmission Owners have withdrawn from this Agreement under Section 3.2, or the Parties have voted to terminate this Agreement pursuant to Section 9.3.

ARTICLE 4 – PARTIES' COMMITMENTS

Each Party agrees to the following commitments and undertakings:

4.1 Rights and Responsibilities Transferred to PJM.

4.1.1 Transmission Service.

Each Party shall authorize PJM to provide transmission service over its Transmission Facilities in the PJM Region under the PJM Tariff.

4.1.2 Directing the Operation of Transmission Facilities.

Each Party shall transfer to PJM, pursuant to this Agreement and in accordance with the PJM Tariff, the responsibility to direct the operation of its Transmission Facilities provided that such transfer is not intended to require any change in the physical operations or control over Transmission Facilities.

4.1.3 PJM Tariff.

Each Party shall transfer to PJM, pursuant to this Agreement, responsibility for administering the PJM Tariff.

4.1.4 Preparation of the Regional Transmission Expansion Plan.

(a) Each Party shall transfer to PJM, pursuant to this Agreement, the exclusive and unilateral responsibility to prepare a Regional Transmission Expansion Plan to provide for the expansion and enhancement of the Parties' Transmission Facilities in the PJM Region in accordance with and subject to Section 6.3.4(a) of this Agreement~~:~~

~~(i) The Regional Transmission Expansion Planning Protocol that will be set forth exclusively in PJM Tariff, Schedule 19;~~

~~(ii) PJM Tariff, Attachment M- Section 6.3; and~~

~~(iii) This.4(a) of this Agreement~~.

(b) The planning of a Party's Transmission Facilities not transferred to PJM pursuant to Section 4.1.4(a) is reserved to the Party, notwithstanding that the Party has transferred to PJM the responsibility to direct the operation of such Transmission Facilities pursuant to Section 4.1.2.

(c) Each Party shall provide information reasonably requested by PJM to prepare the Regional Transmission Expansion Plan and shall otherwise cooperate with PJM in such preparation.

4.1.5 Operations Support.

As required by this Agreement, the PJM Tariff, the PJM Manuals, or as otherwise reasonably requested by PJM, each Party will provide to PJM necessary data, information and related technical support consistent with enabling PJM to monitor and analyze system conditions so that PJM may affirmatively determine that PJM is in compliance with NERC standards.

4.2 Obligation to Build.

4.2.1 Construction Designation

Subject to: (i) the requirements of applicable law, government regulations and approvals, including, without limitation, requirements to obtain any necessary state or local siting, construction and operating permits; (ii) the availability of required financing; (iii) the ability to acquire necessary right-of-way; (iv) the right to recover, pursuant to appropriate financial arrangements and tariffs or contracts, all reasonably incurred costs, plus a reasonable return on investment; and (v) other conditions or exceptions set forth in the Regional Transmission Expansion Planning Protocol, Parties designated as the appropriate entities to construct and own or finance enhancements or expansions applicable to the PJM Region specified in the Regional Transmission Expansion Plan or required to expand or modify Transmission Facilities pursuant to the PJM Tariff shall construct and own or finance such facilities or enter into appropriate contracts to fulfill such obligations. Any designation to construct and own or finance enhancements or expansions applicable to the PJM Region specified in the Regional Transmission Expansion Plan or requirement to expand or modify Transmission Facilities pursuant to the PJM Tariff is pursuant to this Section 4.2.1, including the designation of an entity that is not a Party to this Agreement.

4.2.2 Acknowledgement of Construction Designation.

Within ninety (90) days of receiving notification from PJM pursuant to Section 1.6 of the Regional Transmission Expansion Planning Protocol, that the PJM Board has approved a Regional Transmission Expansion Plan designating a Party to construct and own or finance specified enhancements or expansions applicable to the PJM Region, such Party shall provide to PJM and the Administrative Committee: (1) an acknowledgement of such designation or the reasons why the Party disagrees with such designation or any aspect thereof, and (2) a proposed preliminary schedule for such enhancements or expansions.

4.2.3 Construction Obligations of Zero Revenue Requirements Party

A Zero Revenue Requirement Party shall not be required to participate in the construction and ownership or financing of enhancements or expansions described in Section 4.2.1 except to the extent that such enhancements or expansions involve the expansion or modification of that Party's Transmission Facilities. A Zero Revenue Requirement Party shall construct and own or finance all expansions and modifications of its own Transmission Facilities or enter into appropriate contracts to fulfill such obligation, and no other Party shall be required to participate in the construction and ownership or financing of such expansion or modification. A Zero Revenue Requirement Party shall continue to be reimbursed by an individual Interconnection Customer directly or indirectly for costs of expansion and modification the responsibility for which was directly assigned to that Interconnection Customer pursuant to the PJM Tariff, and such Zero Revenue Requirement Party shall be obligated to provide the Interconnection Customer whatever credits the Interconnection Customer may be entitled to receive under the PJM Tariff in return for such reimbursement.

4.3 Interconnection and Transmission Customers.

Unless otherwise specified in agreements, or tariffs on file at FERC and in effect, each Party shall install and construct Transmission Facilities required for interconnection of an Interconnection Customer or Transmission Customer in accordance with the PJM Tariff.

4.4 Permanently Taking Facilities Out of Service.

Prior to permanently taking out of service any of its Transmission Facilities within the PJM Region, the Party owning such Transmission Facilities shall provide PJM with reasonable advance notice.

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 transmission facilities list maintained by PJM, or any successor thereto, and each Party will physically operate and maintain all Transmission Facilities that it owns.

4.6 Interconnection Facilities.

Interconnections between the Parties' electric systems and between a Party's system and systems of entities not a Party to this Agreement shall be kept in place and shall be maintained in good operating condition in accordance with Good Utility Practice and principles, guidelines and standards of the Applicable Regional Reliability Council and NERC unless the interconnected parties determine, in accordance with Good Utility Practice and principles, guidelines and standards of the Applicable Regional Reliability Council and NERC, that any such interconnection should be modified or abandoned; provided, however, that nothing herein shall prohibit any Party from disconnecting its electrical systems from the facilities of any other entity, if such Party reasonably determines that disconnection is required for safety or reliability reasons.

4.7 Actions in Emergency.

Each Party shall follow PJM's operating instructions during an emergency; provided, however, that a Party may at any time take or decline to take any action(s) that it deems necessary to prevent injury to persons or loss of human life or prevent damage to property.

4.8 Maintenance Schedules.

The Parties shall coordinate with other Parties and with the owners of generation facilities within the PJM Region the maintenance of their Transmission Facilities, and the scheduling of a Transmission Planned Outage, taking into account transmission and generation outage schedules established by PJM and the PJM Manuals, and in accordance with the following planned outage scheduling procedures:

4.8.1

Each Party shall use reasonable efforts to submit Transmission Planned Outage schedules one year in advance but by no later than the first of the month six months in advance of the requested start date for all outages that are expected to exceed five (5) working days duration, with regular (at least monthly) updates as new information becomes available.

4.8.2

If notice of a Transmission Planned Outage is not provided in accordance with the requirements in Section 4.8.1 above, and if such outage is determined by PJM to have the potential to cause significant system impacts, including but not limited to reliability impacts and transmission system congestion, then the PJM may require the Party to implement an alternative outage schedule to reduce or avoid such impacts. PJM may, however, if requested by the Transmission Owner, dispatch generation or reductions in demand in order to avoid implementing an alternative outage schedule for its Transmission Facilities to extent consistent with its obligations under this Agreement, or PJM Tariff and provided PJM determines that such dispatch would not adversely affect reliability in the PJM Region or otherwise not be in accordance with Good Utility Practices. A Transmission Owner that makes such a dispatch request pursuant to this section shall be responsible for all generation and other costs resulting from its request that would not have been incurred had PJM implemented an alternative outage schedule to reduce or avoid reliability and congestion impacts. PJM may, at the Transmission Owner's consent, directly assign to the Transmission Owner all generation and other costs resulting from PJM's dispatch of generation or reductions in demand arising from outages associated with Regional Transmission Expansion Plan upgrades not submitted consistent with the timelines set forth in this Agreement and the PJM Tariff and where such outage is required to meet the reliability-based in-service date of the Regional Transmission Expansion Plan upgrade project.

4.8.3

Each Party shall submit notice of all Transmission Planned Outage to PJM by the first day of the month preceding the month the outage will commence, with updates as new information becomes available.

4.8.4

If notice of a Transmission Planned Outage is not provided by the first day of the month preceding the month the outage will commence, and if such outage is determined by PJM to have the potential to cause significant system impacts, including but not limited to reliability impacts and transmission system congestion, then PJM may require the Party to implement an alternative outage schedule to reduce or avoid such impacts. PJM shall perform this analysis and notify the affected Party in a timely manner if it will require rescheduling of the outage. PJM may, however, if requested by the Transmission Owner, dispatch generation or reductions in demand in order to avoid implementing an alternative outage schedule for its Transmission Facilities to extent consistent with its obligations under this Agreement or PJM Tariff and provided PJM determines that such dispatch would not adversely affect reliability in the PJM Region or otherwise not be in accordance with Good Utility Practices. A Transmission Owner that makes such a dispatch request pursuant to this section shall be responsible for all generation and other costs resulting from its request that would not have been incurred had PJM implemented an alternative outage schedule to reduce or avoid reliability and congestion impacts. PJM may, at the Transmission Owner's consent, directly assign to the Transmission Owner all generation and other costs resulting from PJM's dispatch of generation or reductions in demand arising from outages associated with Regional Transmission Expansion Plan upgrades not submitted consistent with the timelines set forth in this Agreement, the PJM Tariff and where such outage is required to meet the reliability-based in-service date of the Regional Transmission Expansion Plan upgrade project.

4.8.5

PJM reserves the right to approve, deny, or reschedule any outage deemed necessary to ensure reliable system operations on a case by case basis regardless of duration or date of submission.

4.8.6

PJM shall post notice of Transmission Planned Outages on OASIS upon receipt of such notice from the affected Party; provided, however, that PJM shall not post on OASIS notice of any component of such outage to the extent such component shall directly reveal a generator outage. In such cases, the affected Party, in addition to providing notice to PJM as required above, concurrently shall inform the affected generation owner of such outage, limiting such communication to that necessary to describe the outage and to coordinate with the generation owner on matters of safety to persons, facilities, and equipment. The affected Party shall not notify any other market participant of such outage and shall arrange any other necessary coordination through PJM. If PJM determines that transmission maintenance schedules proposed by one or more Parties would significantly affect the efficient and reliable operation of the PJM Region, PJM may establish alternative schedules, but such alternative schedules shall minimize the economic impact on the Party or Parties whose maintenance schedules PJM proposes to modify. Except as otherwise provided in this Agreement, the Parties shall comply with all maintenance schedules established by PJM.

4.9 Data, Information and Metering.

The Parties shall comply with the data, information and metering requirements established by PJM, as reflected in the PJM Manuals including but not limited to posting notices as required by Section 4.8.

4.10 Connections with Non-Parties.

No Party shall permit its Transmission Facilities or distribution facilities to be connected with the facilities of any entity which is not a Party without an interconnection agreement that contains provisions for the safe and reliable operation of each interconnection in accordance with Good Utility Practice, and principles, guidelines and standards of the Applicable Regional Reliability Council and NERC or comparable requirements of an applicable retail tariff or agreement approved by appropriate regulatory authority. Subject to applicable regulatory requirements, any dispute regarding the adequacy of such agreements shall be resolved by PJM, subject to the dispute resolution provisions of this Agreement.

4.11 Transmission Facility Ratings.

Each Party shall provide PJM with Transmission Facility Ratings, and PJM shall review and implement those ratings in accordance with this Section 4.11 and the PJM Manuals.

4.11.1

Each Party shall provide PJM (1) ambient-adjusted normal and Emergency Ratings ("Ambient-Adjusted Ratings") for its Transmission Facilities, and (2) the methodology used for determining such ratings, developed in accordance with applicable standards of NERC and the Applicable Regional Reliability Council. Alternative ratings for a Transmission Facility will be identified in accordance with Sections 4.11.1.1 and 4.11.1.2 herein.

4.11.1.1

If a Party reasonably determines, consistent with Good Utility Practice, that a temporary conditional Transmission Facility Rating of a Transmission Facility is necessary to ensure the safety and reliability of the Transmission System, the Party may assign a temporary conditional Transmission Facility Rating to that Transmission Facility. The Party shall provide information to PJM explaining the nature and basis for the temporary conditional Transmission Facility Rating, as well as the date and time that such rating is initiated and withdrawn.

4.11.1.2

If a Party reasonably determines, consistent with Good Utility Practice, that the Transmission Facility Rating of a Transmission Facility is not affected by ambient air temperature or solar heating, the Party may assign an exception rating, i.e., a Transmission Facility Rating that is not an Ambient-Adjusted Rating or a Seasonal Facility Rating. The Party shall provide information to PJM explaining the nature and basis for the exception and, if applicable, the date and time that the exception rating is initiated and withdrawn. The Party shall reevaluate an exception rating at least once every five years.

4.11.1.3

A Party may comply with this Section 4.11.1 by providing to PJM applicable ratings in tabular form from which PJM may select the rating for the relevant temperatures, time periods, and other conditions, as applicable.

4.11.2

Each Party shall provide PJM with updates to its Transmission Facility Ratings along with the information required in Section 4.11.1 as soon as practicable after such Party becomes aware of any permanent or temporary changes to those ratings.

ARTICLE 5 – PARTIES' RETAINED RIGHTS

Notwithstanding any other provision of this Agreement, each Party shall retain all of the rights set forth in this Article 5; provided, however, that such rights shall be exercised in a manner consistent with a Party's obligations under the Federal Power Act and the FERC's rules and regulations thereunder.

5.1 Procedures.

Each Party shall have the right to adopt and implement procedures it deems necessary to protect its electric facilities from physical damage or to prevent injury or damage to persons or property.

5.2 Facility Rights.

Each Party shall have the right to build, finance, own, acquire, sell, dispose, retire, replace, 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.

5.3 Actions to Fulfill Obligations.

Each Party shall have the right to take whatever actions it deems necessary to fulfill its obligations under local, state or federal law.

5.4 Federal Power Act Rights.

Except as otherwise provided in this Agreement, each Party retains its rights pursuant to the Federal Power Act and the FERC's rules and regulations thereunder.

5.5 Enforcement of Obligations.

Each Party shall have the right to seek enforcement of the obligations of any Party or of PJM under this Agreement subject to the terms and conditions of FERC regulations and the PJM Tariff.

5.6 Reservation of Rights.

Rights not specifically transferred by the Parties to PJM pursuant to this Agreement or any other agreement are expressly reserved by the Parties.

ARTICLE 6 – PJM's RIGHTS AND COMMITMENTS

6.1 Condition to Acceptance of Functional Control.

PJM shall condition the transfer of functional control over an entity's Transmission Facilities to PJM on such entity becoming a Party to this Agreement.

6.2 Rights of PJM under this Agreement.

PJM shall have the exclusive right to seek enforcement of the obligations of any Party to PJM under Article 6 of this Agreement.

6.3 Obligations of PJM under this Agreement.

PJM shall:

6.3.1

Provide for the safe and reliable operation of the PJM Region ~~and direct~~by directing the operation and ~~coordinate~~coordinating the maintenance of the Transmission Facilities of the Parties in accordance with: (i) the PJM Tariff; (ii) Good Utility Practice; (iii) applicable laws and regulations and (iv) NERC and Applicable Regional Reliability Council operation and planning standards, principles and guidelines;

6.3.2

Administer the PJM Tariff and provide service thereunder in the PJM Region.

6.3.3

(i) Maintain and administer the Regional Transmission Expansion Planning Protocol as a Schedule to the PJM Tariff;

(ii) Develop and file pursuant to its exclusive and unilateral rights under Tariff, Section ~~7.5.1 of this Agreement~~9.2 changes to the Regional Transmission Expansion Planning Protocol consistent 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; and (iv) Good Utility Practice; and

(iii) provide reports to the Administrative Committee consistent with this Agreement and the PJM Tariff.

6.3.4

(a) Conduct its planning for the expansion and enhancement of Transmission Facilities based on a planning horizon of at least ten years, or such longer period as may be otherwise required by the PJM Tariff, including under the Regional Transmission Expansion Planning Protocol, PJM Tariff, Schedule 19, and prepare a Regional Transmission Expansion Plan to provide for the expansion and enhancement of the Parties' Transmission Facilities to address one or more of the following planning criteria:

(i) The PJM Tariff, including the Regional Transmission Expansion Planning Protocol that will be set forth exclusively in PJM Tariff, Schedule 19, as may be amended pursuant to PJM's exclusive and unilateral right to file for changes to Schedule 19 in accordance with Tariff, Section 9.2;

(ii) PJM Tariff, Attachment M-3; and as may be amended pursuant to the Transmission Owners' exclusive and unilateral right acting pursuant to Section 8.5.1(e) of this Agreement to file for changes to Tariff, Attachment M-3 in accordance with Section (e) thereof and Tariff, Section 9.1;

(iii) This Agreement, as may be amended by agreement between PJM and the Transmission Owners acting pursuant to Section 8.5.1(a) of this Agreement.

(b) The planning of a Party's Transmission Facilities not transferred to PJM pursuant to Section 4.1.4(a) is reserved to the Party, notwithstanding that the Party has transferred to PJM the responsibility to direct the operation of such Transmission Facilities pursuant to Section 4.1.2.

6.3.5

Maintain its status as an RTO.

6.3.6

Collect and pay to each Party all amounts due to such Party as a Transmission Owner under the PJM Tariff and to distribute such amounts in accordance with the PJM Tariff and this Agreement.

6.3.7

Work cooperatively with Transmission Owner(s) desiring to create a new or reformed transmission-owning entity in accordance with Section 5.2 and other applicable provisions of this Agreement.

6.3.8

Participate in scheduled meetings of the Administrative Committee and furnish appropriate information and reports to keep the Parties regularly informed as to matters arising under this Agreement and the PJM Tariff. At the request of a Party, participate in conversations as to the matters arising under this Agreement.

6.3.9

Consult with committees jointly established by the Parties and PJM with respect to matters arising under this Agreement.

6.3.10

Assist the Parties in developing changes to the PJM Tariff under PJM Tariff, Part I, Section 9.1 and Section 7.3 of this Agreement ~~consistent with the confidentiality provisions of Section 7.3 of this Agreement, including PJM's right to take positions adverse to the Parties before federal and state judicial and administrative bodies~~.

ARTICLE 7 – CHANGES TO RATE DESIGN AND TARIFF TERMS AND CONDITIONS; DISTRIBUTION OF REVENUES

7.1 Individual Transmission Owner Rates.

Notwithstanding any other provision of this Agreement, each Party expressly and individually reserves unto itself the following rights:

7.1.1

Each Party shall have the exclusive right to file unilaterally at any time pursuant to Section 205 of the Federal Power Act to establish or change the transmission revenue requirement for services provided under the PJM Tariff with respect to its Transmission Facilities (regardless of whether such revenue requirement is used to support rates and charges for delivery within its PJM Zone or outside its PJM Zone). This right includes, but is not limited to, the right to file a transmission revenue requirement, or a revenue requirement that is based on incentive or performance-based factors.

7.1.2

[Reserved]

7.1.3

Each Party shall have the exclusive right to file unilaterally, at any time pursuant to Section 205 of the Federal Power Act, to change rates and charges for transmission and ancillary services (including, without limitation, incentive rates, and rates and charges for new services) for delivery within its PJM Zone, which rates and charges are based solely on the costs of the Transmission Facilities of such Party.

7.1.4

A filing that is otherwise consistent with this Section 7.1 which changes the rate applicable within a PJM Zone and which also applies to transactions that enter that PJM Zone from outside the PJM Region shall not require approval under Section 8.5.1.

7.2 PJM Regional Rate Design and Joint Transmission Rates.

7.2.1

Section 205 filings to change the PJM Regional Rate Design or file for Joint Transmission Rates may only be made by the Parties, acting collectively, pursuant to a filing approved in accordance with Section 8.5.1 of this Agreement. The Parties, acting individually, shall have no authority to make any filings under Section 205 of the Federal Power Act either to change or which would be inconsistent with the PJM Regional Rate Design or Joint Transmission Rates.

7.2.2

Nothing in this Agreement is intended to authorize the PJM Transmission Owners to file pursuant to Section 205 of the Federal Power Act, as part of a filing to change the PJM Regional Rate Design, Joint Transmission Rates, or otherwise, proposed changes to those rates and charges for which an individual Party has reserved filing rights under Section 7.1 without the express consent of such Party, unless such change is required to be consistent with a Joint Transmission Rate or PJM Regional Rate Design adopted pursuant to Sections 7.2.1 and 7.3.

7.3 Filing of Transmission Rates and Rate Design Under Section 205.

7.3.1

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 PJM Regional Rate Design, 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 as specified under Sections 7.1 and 7.3. Except as provided in Section 7.1.1, the Transmission Owners may only file under Section 205 to change the PJM Regional Rate Design pursuant to a filing approved in accordance with Section 8.5.1. ~~Discussions among the Transmission Owners and PJM specific to (i) the development of changes to be filed by the Transmission Owners pursuant to Section 205 in or relating to transmission rates or the PJM Regional Rate Design, or (ii) administration of the PJM Tariff provisions subject to this section may be designated as confidential and may include discussions protected by attorney-client privilege, attorney-work-product doctrine or other privileges to the extent the Transmission Owners and PJM share a common interest privilege in the rates, terms and conditions to be applied pursuant to the PJM Tariff and the Transmission Owners require assistance from PJM in developing changes to transmission rates or the PJM Regional Rate Design.~~

7.3.2

If the Transmission Owners agree upon a change referred to in Section 7.2.1 by vote in accordance with Section 8.5.1, 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, PJM may, but shall not be required to, make the Section 205 filings with the FERC on behalf of the Transmission Owners; provided that any such filing by PJM 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 7.6) 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.

7.3.3

Nothing in this Section 7.3 is intended to limit the rights of any Party or other person to oppose such a Section 205 filing pursuant to Section 206 or any other applicable provision of the Federal Power Act, or to limit the right of any Party or other person to make filings under Section 206 of the Federal Power Act.

7.3.4

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: (i) Section 34; (ii) Schedule 1A; (iii) Schedule 7 (except as to transmission congestion charges under Attachment K to the PJM Tariff or any successor thereto); (iv) Schedule 8 (except as to transmission congestion charges under Attachment K to the PJM Tariff or any successor thereto); (v) Schedule 11; (vi) Schedule 12; (vii) Attachment H-A; (viii) Attachment J; and (ix) Attachment R; provided, however, that if a filing pursuant to Section 205 is required to effect a change in any of the forgoing provisions of the PJM Tariff, solely by reason of a filing by an individual PJM Transmission Owner pursuant to Section 7.3.5, PJM may make such a filing if: (a) five business days prior to making such filing, PJM provides the PJM Transmission Owners with each proposed change including an explanation thereof; and (b) no PJM Transmission Owner notifies PJM that it objects to PJM making such filing.

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).

7.3.6

The listing of provisions in Sections 7.3.4 and 7.3.5 above is not exclusive, and failure to specify a provision of the PJM Tariff in this Section 7.3 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 PJM Regional Rate Design or Joint Transmission Rates, 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.

7.3.7

The Transmission Owners' Section 205 rights shall include the unilateral right to file for incentive and performance based rates that affect or relate to transmission revenue requirements, transmission rate design, or any performance or incentive 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 Agreement 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 this 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 the recovery of transmission-related costs by the Transmission Owners.

7.4 Transmission Rate PJM Zone Size.

For purposes of developing rates for service under the PJM Tariff, transmission rate PJM Zones smaller than those shown in Attachment J to the PJM Tariff, or subzones of those PJM Zones, shall not be permitted within the current boundaries of the PJM Region; provided, however, that additional PJM Zones may be established if the current boundaries of the PJM Region is expanded to accommodate new Parties to this Agreement.

7.5 Changes in Terms and Conditions.

The Parties may propose to revise any of the non-rate terms and conditions of the PJM Tariff in a manner consistent with requirements of FERC. Any such proposal shall be submitted to PJM for consideration under the processes PJM uses to develop non-rate terms and conditions.

7.5.1 Filing of Changes in Terms and Conditions Under Section 205.

(i) Except as expressly provided in Tariff, Part I, Section 9.2(a)(ii), PJM 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 to make changes in or relating to the terms and conditions of the PJM Tariff (including but not limited to provisions relating to creditworthiness, billing, and defaults) as well as all charges for recovery of PJM costs. PJM shall not have any Section 205 filing rights with respect to the subject matters described in Sections 7.1 and 7.2 of this Agreement. PJM shall not have any Section 205 filing rights with respect to the provisions of the PJM Tariff listed in Sections 7.3.4 and 7.3.5 of this Agreement.

(ii) PJM shall consult with the Transmission Owners, through the Administrative Committee, and the PJM Members Committee beginning not less than seven (7) days in advance of any such Section 205 filing, but neither the Transmission Owners (except as provided for in Section 7.6) nor the PJM Members Committee shall have any right to veto or delay any such Section 205 filing. PJM may file with less than a full seven (7) 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 that PJM shall provide as much advance notice and consultation with the Transmission Owners, through the Administrative Committee, and the PJM Members Committee as is practicable in such circumstances, and no such emergency filing shall be made with less than 24 hours advance notice.

(iii) Nothing herein is intended to limit the rights of any Party or other person to oppose such a Section 205 filing pursuant to Section 206 or any other applicable provision of the Federal Power Act or to limit the right of any Party or other person to make filings under Section 206 of the Federal Power Act.

(iv) To the extent that PJM desires to add a provision to the PJM Tariff, or to change an existing provision thereof, in accordance with PJM's rights under Section 7.5.1 (i), the Transmission Owners shall have unilateral and exclusive rights to make Section 205 filings with respect to any matters covered by such new or changed provisions relating to the establishment and recovery of the Transmission Owners' transmission revenue requirements, the PJM Regional Rate Design or Joint Transmission Rates, or any provisions governing the recovery of transmission-related costs incurred by the Transmission Owners. Prior to making any Section 205 filing covered by Section 7.5.1 that also relates to or affects the establishment and recovery of the Transmission Owners' transmission revenue requirements and the PJM Regional Rate Design or Joint Transmission Rates, or any provisions governing the recovery of transmission-related costs incurred by the Transmission Owners, PJM shall provide no less than 45 days notice to the Transmission Owners of the intended filing in sufficient detail to provide them a reasonable opportunity to include appropriate provisions in the PJM Tariff governing these subjects, either through a Section 205 filing by the Transmission Owners or approval by the Transmission Owners of the PJM proposal pursuant to Section 8.5.1.

(v) Nothing in this Agreement is intended to prevent PJM from utilizing processes under the Operating Agreement and the PJM Manuals to develop or revise terms and conditions to be set forth in the PJM Tariff and to consult with PJM Members and others with respect thereto.

7.5.2 Filing of Changes in Rate Design, Terms and Conditions Under Section 206.

Any Party or any group of Parties shall have the right to submit a proposal to the FERC to change the Rate Design and the non-rate terms and conditions of the PJM Tariff pursuant to Section 206 of the Federal Power Act. Nothing herein is intended to limit the rights of PJM, any Party, or other person to oppose proposed changes to the terms and conditions filed by PJM, a Party, or group of Parties.

7.6 Disputes Regarding Exclusive 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 Sections 7.3.2 or 7.5.1 (ii) of this Agreement, a dispute arises as to which Party has Section 205 rights to make such filing, the following procedures shall apply:

7.6.1

The 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.

7.6.2

If the Transmission Owners propose to make the Section 205 filing, they shall defer such filing beyond the 30-day notice and consultation period provided for in Section 7.3.2 for up to 10 additional days at the request of PJM to allow the dispute to be resolved.

7.6.3

If PJM proposes to make the Section 205 filing, it shall defer any filing beyond the 7 day notice and consultation period provided for in Section 7.5.1 (ii) for up to 10 additional days to allow the dispute to be resolved;

7.6.4

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 this Agreement;

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.

7.6.6

Nothing in this Section 7.6 is intended to limit the Parties' rights to make filings subject to this dispute resolution provision pursuant to Section 206 of the Federal Power Act prior to resolution of such dispute.

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 PJM 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.

ARTICLE 8 – THE ADMINISTRATIVE COMMITTEE

8.1 Duties and Responsibilities.

The Administrative Committee shall have the authority to propose policies and recommendations to PJM as to any matters relating to the Parties' Transmission Facilities; provided, however, that PJM shall not be required to adopt such policies or recommendations and that the Administrative Committee shall not exercise any control over functions and responsibilities transferred exclusively to PJM pursuant to this Agreement, the PJM Tariff or the Operating Agreement. The Administrative Committee shall also have the authority to establish such committees, subcommittees, task forces, working groups or other bodies as it shall deem appropriate and the responsibility to undertake any other action delegated to it pursuant to this Agreement. The Administrative Committee shall determine the Affiliate status of Parties for purposes of Individual or Weighted Votes.

8.2 Representatives.

Each Party shall appoint one or more representatives and alternate representative(s) to serve as a member of the Administrative Committee with authority to act for that Party with respect to actions taken or decisions made by the Administrative Committee. The representative(s) shall be an officer or agent of the Party, having binding decision-making authority with respect to the transmission affairs of the Party. Each representative shall be a member of the Administrative Committee; provided, however, that each Party's alternate shall serve as a member of the Administrative Committee during any absence of that Party's representative.

8.2.1 Initial Representatives.

Unless a Party appoints a different representative and alternate, the representatives and alternates of the Parties appointed under the Transmission Owners agreements in effect on the day prior to the effective date of this Agreement shall be the initial representatives and alternates under this Agreement. Subsequent to the Effective Date of this Agreement, an entity that becomes a Party pursuant to Section 3.1 hereof shall appoint its representative(s) and alternate(s) and provide written notice to the other Parties within thirty (30) days after becoming a Party.

8.2.2 Change of or Substitution for a Representative or Alternate.

A Party may at any time upon providing written notice to the other Parties designate a replacement representative or alternate. Any member of the Administrative Committee, by providing written notice to the Chair of the Administrative Committee, may designate a substitute to act for him or her with respect to any matter specified in such written notice.

8.3 Officers.

At the initial meeting of the Administrative Committee, a Chair and Vice Chair shall be elected from among the Parties' representatives on the Administrative Committee. The term of office for the Chair and Vice Chair shall be one year, or until succession to each office occurs as provided herein. Except as provided in Section 8.3.1, at each annual meeting, the Vice Chair shall succeed to the office of the Chair, and a new Vice Chair shall be elected.

8.3.1 Vacancies.

If the office of the Chair becomes vacant for any reason, the Vice Chair shall succeed to the office of the Chair and a new Vice Chair shall be elected at the next regular or special meeting; provided that following such vacancy of the Chair, the succeeding Chair and Vice Chair shall serve until the second annual meeting following such succession or election. If the office of the Vice Chair becomes vacant for any reason, a new Vice Chair shall be elected at the next regular or special meeting and shall serve out the term of the Vice Chair whose office became vacant.

8.3.2 Duties of the Officers.

The Chair, the Vice Chair, or their representatives, shall: call and preside at meetings of the Administrative Committee; cause minutes of each meeting to be taken and maintained; cause notices of meetings to be distributed; and carry out such other responsibilities as the Administrative Committee shall assign. The Vice Chair shall preside at meetings of the Administrative Committee if the Chair is absent for any reason, and shall otherwise act for the Chair at the Chair's request.

8.4 Meetings.

The Administrative Committee shall hold meetings no less frequently than once each calendar quarter. One of such regular meetings shall be designated as the annual meeting, at which officers shall be elected. The matters to be addressed at all meetings shall be specified in the agenda provided in the notice distributed pursuant to Section 8.4.1 hereof; provided, however, that action may be taken on a matter not described in such agenda, if approved by the Parties pursuant to a vote under Section 8.5.1.

8.4.1 Notice of Meetings.

Notice of a meeting shall be distributed to the representatives not later than ten (10) days prior to the meeting, provided, however, that meetings may be called on shorter notice at the discretion of the Chair as the Chair shall deem necessary to deal with an emergency or to meet a deadline for action. The notice shall state the time and place of such meeting, and shall include an agenda sufficient to notify the representatives of the substance of the matters to be considered at the meeting. In addition, notice of all meetings shall be provided over the PJM website at the same time as it is provided to the representatives.

8.4.2 Attendance.

Regular or special meetings may be conducted in person or by telephone or other means as authorized by the Administrative Committee. The attendance in person or by telephone or other means of a representative, alternate or duly-designated substitute representative shall be required for purposes of determining a quorum and for the exercise of Individual Votes or Weighted Votes.

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 either (i) 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, or (ii) representatives, alternates, or duly-designated substitute representatives whose Weighted Votes constitute at least ninety five percent (95%) 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.

8.4.4 Open Meetings.

Except as provided in this section, all meetings of the Administrative Committee shall be open to entities that are signatories to the Operating Agreement and to personnel of PJM, and all matters subject to Section 8.5.1 upon which the representatives vote shall be open to such entities and to such personnel. Meetings of the Administrative Committee shall be closed to persons or entities other than personnel of PJM if, in the determination of the Chair, doing so is required to comply with FERC's Standards of Conduct For Transmission Providers, Critical Energy Infrastructure Information, or Section 9.15, or shall be closed to all persons or entities other than personnel or representatives of the Parties in order to preserve the attorney-client, attorney work product or other privileges of the Parties or of the Administrative Committee.

8.4.5 Cost of Meetings.

Each Party shall be solely responsible for all costs incurred for its representative or alternate to attend any meeting. The Parties shall share the costs incurred by the host of any meeting of the Administrative Committee in the following manner. Fifty percent (50%) of such meeting cost shall be allocated in proportion to the Parties' Individual Votes and the remaining fifty percent (50%) of such meeting cost shall be allocated in proportion to the Parties' Weighted Votes. PJM shall accumulate costs and bill the Parties quarterly.

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. Except for Parties that are Affiliates, no representative, alternate or duly-designated substitute of a Party may be a representative, alternate or duly-designated substitute of any other Party.

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, the vote shall not fail if voted against by representatives of Parties entitled to vote whose combined Weighted Votes do not exceed five percent (5%) 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 of this Agreement, including any schedules, appendices, or attachments hereto, or termination of this Agreement pursuant to Section 9.3, provided that the text of any amendment or notice of proposed termination 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, in accordance with Section 9.3, any termination shall not become effective until it shall have been 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.

8.5.2 Action by Simple Majority.

Action by the Administrative Committee on any matter other than those specified in Section 8.5.1 shall require: (i) the presence of a quorum at the time of the vote; and (ii) the concurrence of: (a) representatives' whose combined Individual Votes exceed one-half of the total Individual Votes cast at a meeting, however, the vote shall not fail if voted against by representatives of Parties entitled to vote whose combined Weighted Votes do not exceed five percent (5%) of the total Weighted Votes cast; and (b) representatives' whose combined Weighted Votes exceed one-half of the total Weighted Votes cast at a meeting.

8.5.3 Zero Revenue Requirements Party Voting Rights

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.

8.5.4 Changing a Party's Regional Reliability Council

Anything contained herein to the contrary notwithstanding, no vote to amend the definition of Applicable Regional Reliability Council, the application of such definition in within this Agreement, or to change the Applicable Regional Reliability Council of a Party shall pass without the affirmative vote of the representative of each Party whose Applicable Regional Reliability Council would be revised or changed as a result of such amendment.

ARTICLE 9 – OTHER MATTERS

9.1 Relationship of the Parties.

This Agreement shall not be interpreted or construed to create any association, joint venture, or partnership between or among the Parties or to impose any partnership obligation liability upon any Party. Except as explicitly provided in Section 8.1 hereof or with respect to the actions of the Administrative Committee, neither PJM nor any Party shall have the right, power or authority under this Agreement to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any other Party or PJM.

9.2 No Third-party Beneficiaries.

This Agreement is intended to be solely for the benefit of the Parties and PJM and their respective successors and permitted assigns and is not intended to and shall not confer any rights or benefits on any third party (other than successors and permitted assigns) not a signatory hereto.

9.3 Term and Termination.

This Agreement shall be effective as of the Effective Date and shall continue in effect thereafter unless and until terminated by: (i) a vote of the Administrative Committee as of a specified date at least six (6) months after the date of such vote; or (ii) the termination of the Operating Agreement, unless the Administrative Committee decides not to terminate this Agreement or to terminate it at a later date. Termination may become effective only upon FERC's acceptance without suspension or hearing.

9.4 Winding Up.

Any provision of this Agreement that, expressly or by implication, comes into or remains in force following termination or expiration of this Agreement shall survive such termination or expiration. Such surviving provisions shall include, but not be limited to: (i) those provisions necessary to permit the orderly conclusion or continuation, pursuant to another agreement, of transactions entered into prior to the decision to terminate this Agreement; (ii) those provisions necessary to conduct final billing, collection, and accounting with respect to all matters arising hereunder; and (iii) the indemnification provisions as applicable to periods prior to such termination or expiration.

9.5 Successors and Assigns.

This Agreement shall inure to the benefit of and be binding upon the Parties hereto, their respective successors and assigns permitted herein, but shall not be assignable by any Party without the approval of the Administrative Committee, except: (i) as to a successor in the operation of a Party's Transmission Facilities by reason of a merger, consolidation, reorganization, sale, spin-off, or foreclosure, as a result of which substantially all such Transmission Facilities are acquired by such a successor, and such successor becomes a Party to this Agreement; or (ii) as an assignment of rights under this Agreement for financing purposes.

9.6 Force Majeure.

No Party shall be liable to any other Party for damages or otherwise be in breach of this Agreement to the extent and during the period such Party's performance is prevented by any cause or causes beyond such Party's control and without such Party's fault or negligence, including but not limited to any act, omission, or circumstance occasioned by or in consequence of any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, or curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities; provided, however, that any such foregoing event shall not excuse any payment obligation. Upon the occurrence of an event considered by a Party to constitute a force majeure event, such Party shall use due diligence to endeavor to continue to perform its obligations as far as reasonably practicable and to remedy the event, provided that no Party shall be required by this provision to settle any strike or labor dispute.

9.7 Default and Waiver

9.7.1 Default.

Any Party that fails to meet its financial or other obligations to another Party or to PJM under this Agreement shall be deemed to be in breach of this Agreement. If the Administrative Committee concludes, upon the report of PJM or complaint of any Party that another Party is in breach, the Administrative Committee shall so notify such Party and inform all other Parties. The notified Party may remedy such breach by: (i) paying all amounts assertedly due, along with interest on such amounts calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii); and (ii) presenting evidence satisfactory to the Administrative Committee that it has taken appropriate measures to meet any other obligation of which it was deemed to be in breach; provided, however, that any such payment or presentation may be subject to a reservation of rights, if any, to a final determination of the obligations of the Party pursuant to the dispute resolution provisions in this Agreement. If, by the thirtieth (30th) day following receipt of the foregoing notice, a Party has not remedied the breach, then such Party shall be in default, and in addition to any other remedies then available:

(a) Any representative of the defaulting Party on the Administrative Committee, or any other committee, subcommittee, working group or task force established pursuant to this Agreement, shall not be entitled to vote for so long as the default shall continue to exist.

(b) If the default is the Party's second default within a period of twenty-four months, or is a default that imperils the safety or reliability of the PJM Region, the Administrative Committee may vote to terminate the Party's status as a Party to this Agreement. A terminated Party shall comply with all obligations applicable to a Party withdrawing from this Agreement.

9.7.2 No Implied Waivers.

The failure of a Party or of the Administrative Committee to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such entity's right to assert or rely upon any such provisions, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect.

9.8 Indemnification.

9.8.1

Each Party agrees to indemnify and hold harmless each of the other Parties, its officers, directors, employees or agents (not including PJM and the PJM Board) for all actions, claims, demands, costs, damages and liabilities asserted by a third party against the Party seeking indemnification and arising out of or relating to any of the Transmission Facilities or other assets that are the subject of this Agreement of the Party from which indemnification is sought, or an act or failure to act in accordance with this Agreement by such Party, except: (i) to the extent that such liabilities result from the negligence or willful misconduct of the Party seeking indemnification; and (ii) that each Party shall be responsible for all claims of its own employees, agents and servants growing out of any workmen's compensation law.

9.8.2

The amount of any indemnity payment arising hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the Party seeking indemnification in respect of the indemnified action, claim, demand, costs, damage or liability. If any Party shall have received an indemnity payment for an action, claim, demand, cost, damage or liability and shall subsequently actually receive insurance proceeds or other amounts for such action, claim, demand, cost, damage or liability, then such Party shall pay to the Party that made such indemnity payment the lesser of the amount of such insurance proceeds or other amounts actually received and retained or the net amount of the indemnity payments actually received previously.

9.9 Limitations on Liability.

No Party shall be liable to any other Party for any claim for indirect, incidental, special or consequential damage or loss of the other Party, including, but not limited to, loss of profits or revenues, cost of capital of financing, loss of goodwill and cost of replacement power arising from such Party's carrying out, or failing to carry out, any obligations contemplated by this Agreement except to the extent the damages are direct damages that result from the gross negligence or intentional misconduct of such party; provided, however, that nothing herein shall be deemed to reduce or limit the obligation of any Party with respect to the claims of persons or entities not a Party to this Agreement. To the extent that any Party has a claim against any other Party, the amount of any judgement or arbitration award on such claim entered in favor of such Party shall be limited to the value of that Party's assets. The Parties may not seek to enforce claims against the directors, managers, members, shareholders, officers, or employees of any other Party who shall have no personal liability for obligations of such Party by reason of their status as directors, managers, members, shareholders, officers or employees.

9.10 PJM's Liability.

The liability of PJM, its Board, officers, employees, and agents shall be governed by the applicable provisions of the PJM Tariff and Operating Agreement.

9.11 Governing Law.

This Agreement shall be interpreted, construed and governed by the laws of the state of Delaware exclusive of the conflicts of laws provisions.

9.12 Notice.

Except as otherwise expressly provided herein, notices required hereunder shall be in writing and shall be sent to a Party by overnight courier, hand delivery, telecopier or other reliable electronic means to the representative on the Administrative Committee of such Party at the address for such Party previously provided by such Party to the other Parties or as otherwise directed by the Administrative Committee. Any such notice so sent shall be deemed to have been given: (i) upon delivery if given by overnight couriers or hand delivery; or (ii) upon confirmation if given by telecopier or other reliable electronic means.

9.13 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together will constitute one instrument, binding upon all Parties hereto, notwithstanding that all such Parties may not have executed the same counterpart.

9.14 Representations and Warranties.

Each Party represents and warrants to the other Parties that, as of the date it becomes a Party.

9.14.1

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

9.14.2

The execution and delivery by the Party of this Agreement and the performance of its obligations hereunder have been duly and validly authorized by all requisite action on the part of the Party and do not conflict with any applicable law or with any other agreement binding upon the Party. The Agreement has been duly executed and delivered by the Party, and this Agreement constitutes the legal, valid and binding obligation of the Party enforceable against it in accordance with its terms except insofar as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws affecting the enforcement of creditor's rights generally and by general principles of equity regardless of whether such principles are considered in a proceeding at law or in equity; and

9.14.3

There are no actions at law, suits in equity, proceedings or claims pending or, to the knowledge of the Party, threatened against the Party before or by any federal, state, foreign or local court, tribunal or governmental agency or authority that might materially delay, prevent or hinder the performance by the Party of its obligations hereunder.

9.15 Confidentiality

9.15.1 Party Access.

No Party shall have a right hereunder to receive or review any documents, data or other information of another Party, including documents, data or other information provided to PJM, to the extent such documents, data or information have been designated as confidential pursuant to the procedures adopted by PJM or to the extent that they have been designated as confidential by such other Party; provided, however, a Party may receive and review any composite documents, data and other information that may be developed based on such confidential documents, data or information if the composite does not disclose any individual Party's confidential data or information.

9.15.2 Maintenance of Confidential Information.

In the course of performing functions under this Agreement, the Parties may from time to time receive from each other or from PJM information that a Party or PJM may designate as confidential, or which is subject to FERC's Standards of Conduct for Transmission Providers, or Critical Energy Infrastructure Information, as amended from time to time. The Parties and PJM shall treat such information as confidential in accordance with a nondisclosure agreement adopted by the Administrative Committee. Information subject to FERC's Standards of Conduct for Transmission Providers or Critical Energy Infrastructure Information shall not be disclosed or shared except as permitted thereby. ~~The Parties and PJM may enter into agreements to protect and maintain the attorney-client, attorney work product or other privileges on matters in which they share a common interest.~~

9.16 Severability and Renegotiation.

9.16.1 Severability.

Each provision of this Agreement shall be considered severable and if for any reason any provision is determined by a court or regulatory authority of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect and shall in no way be affected, impaired or invalidated, and such invalid, void or unenforceable provision shall be replaced with valid and enforceable provision or provisions which otherwise give effect to the original intent of the invalid, void or unenforceable provision.

9.16.2 Renegotiation.

If any provision of this Agreement is held by a court or regulatory authority of competent jurisdiction to be invalid, void or unenforceable, or if the Agreement is modified or conditioned by a regulatory authority exercising jurisdiction over this Agreement, the Parties shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the Parties under this Agreement immediately prior to such holding, modification or condition. If after 60 days such negotiations are unsuccessful the Parties may exercise their withdrawal or termination rights under this Agreement.

9.17 Insurance.

Each Party shall obtain and maintain in force such insurance as is consistent with Good Utility Practice.

9.18 Headings.

The article and section headings used in this Agreement are for convenience only and shall not affect the construction or interpretation of any of the provisions of this Agreement.

9.19 Disputes Between a Party and PJM.

To the extent any dispute arises between one or more Parties and PJM regarding any issue covered by this Agreement, at the initiation of any of the Parties or PJM resolution of the dispute shall follow the procedures set forth in section 7.6 above or Attachment B to this Agreement, as invoked.

9.20 Reserved

9.21 Prior Agreements Superseded.

As of the Effective Date of this Agreement, the Transmission Owners Agreement dated as of June 2, 1997, as amended, the West Transmission Owners Agreement dated as of March 13, 2001, as amended and restated December 2, 2002, and the PJM South Transmission Owner Agreement dated May 11, 2004 shall be superseded in accordance with the terms of this Agreement.

9.22 Relationship to Superseded Agreements.

Upon the Effective Date of this Agreement, each Party shall maintain its rights and remain liable for any and all obligations under: (i) the Transmission Owners Agreement dated as of June 2, 1997, as amended: (ii) the West Transmission Owners Agreement dated as of March 13, 2001, as amended and restated December 2, 2002; or (iii) the PJM South Transmission Owner Agreement dated May 11, 2004 (collectively "the Superseded Agreements") applicable to such Party that arose under a Superseded Agreement with respect to such Party prior to the Effective Date of this Agreement. Neither the effectiveness of this Agreement nor the termination of the Superseded Agreements shall relieve the Parties of any of their indemnification or liability obligations contained in the Superseded Agreements for any events occurring prior to the Effective Date of this Agreement.

9.23 Transition of the Regional Transmission Expansion Planning Protocol to a Schedule under the PJM Tariff.

Until the effective date of PJM Tariff provisions accepted by FERC providing that PJM shall prepare the Regional Transmission Expansion Plan in accordance with a Schedule to the PJM Tariff, PJM shall continue to prepare the Regional Transmission Expansion Plan in accordance with Schedule 6 of the PJM Operating Agreement without interruption.

ATTACHMENT A

TO THE CONSOLIDATED

TRANSMISSION OWNERS AGREEMENT

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

American Electric Power Service Corporation on behalf of its affiliate companies: AEP Appalachian Transmission Company, Inc.; AEP Indiana Michigan Transmission Company, Inc.; AEP Kentucky Transmission Company, Inc.; AEP Ohio Transmission Company, Inc.; AEP West Virginia Transmission Company, Inc.; Appalachian 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 (d/b/a Dominion Energy Virginia)

Public Service Electric and Gas Company

PECO Energy Company

PPL Electric Utilities Corporation

Baltimore Gas and Electric Company

Jersey Central Power & Light Company

Potomac Electric Power Company

Atlantic City Electric Company

Delmarva Power & Light Company

UGI Utilities, Inc.

Allegheny Electric Cooperative, Inc.

Essential Power 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

Duke Energy Ohio, Inc.

Duke Energy Kentucky, Inc.

City of Hamilton, OH

Hudson Transmission Partners, LLC

East Kentucky Power Cooperative, Inc.

Mid-Atlantic Interstate Transmission, LLC

Southern Maryland Electric Cooperative, Inc.

Ohio Valley Electric Cooperative

AMP Transmission, LLC

Transource West Virginia, LLC

Silver Run Electric, LLC

NextEra Energy Transmission MidAtlantic Indiana, Inc.

Wabash Valley Power Association, Inc.

Keystone Appalachian Transmission Company

ATTACHMENT B

TO THE CONSOLIDATED TRANSMISSION

OWNERS AGREEMENT

DISPUTE RESOLUTION PROCEDURES

A. Sequential Process for Resolving Disputes

The Parties and PJM shall undertake good-faith negotiations to resolve any dispute as to a matter governed by this Agreement consistent with the following sequential process:

i. Each Party to a dispute ("Dispute Party") and PJM shall designate an executive with authority to resolve the matter in dispute ("Designated Executive") to participate in such discussions. The Designated Executives shall promptly meet and engage in discussions to resolve the matter in dispute.

ii. To the extent such dispute is not resolved pursuant to (i), each Dispute Party shall designate the President of the Dispute Party (as set forth in Attachment A to this Agreement) or other comparable senior executive ("Senior Designated Executive") to meet with the President of PJM to participate in such discussions to resolve the matter in dispute. The Senior Designated Executive(s) and President of PJM shall promptly meet and engage in discussions to resolve the matter in dispute.

~~iii. To the extent such dispute is not resolved pursuant to (ii), the dispute may be escalated to the PJM Board at the request of a Dispute Party. The Senior Designated Executive of the relevant Dispute Party may meet with the PJM Board to present the dispute in an attempt to resolve the matter.~~

~~iv.~~iii. Any dispute that has not been resolved through good faith negotiation pursuant to the process set forth in (i), (ii) and (iii) above may be subject to non-binding mediation prior to the initiation of regulatory, judicial, or other dispute resolution proceedings as may be appropriate as provided in Section B of this Dispute Resolution Procedure.

B. Other Disputes.

"Alternate Dispute Resolution Coordinator" shall mean the individual designated by the Parties and PJM. If at any time the position of Alternate Dispute Resolution Coordinator shall become vacant, the Parties and PJM shall promptly designate a replacement.

Initiation. If a dispute that is subject to the mediation procedures specified herein has not been resolved through good-faith negotiation, a party to the dispute shall notify the Alternate Dispute Resolution Coordinator in writing of the existence and nature of the dispute prior to commencing any other form of proceeding for resolution of the dispute. The Alternate Dispute Resolution Coordinator shall have ten calendar days from the date it first receives notification of the existence of a dispute from any of the parties to the dispute in which to distribute to the parties a list of mediators.

Selection of Mediator. The Alternate Dispute Resolution Coordinator shall distribute to the parties to the dispute by electronic means a list containing the names of seven mediators with mediation experience, or with technical or business experience in the electric power industry, or both, as it shall deem appropriate to the dispute. The Alternate Dispute Resolution Coordinator may draw from the lists of mediators maintained by the established dispute resolution committee of an Applicable Regional Entity, as the Alternate Dispute Resolution Coordinator shall deem appropriate. The Alternate Dispute Resolution Coordinator shall distribute the names of all qualified mediators on the Alternate Dispute Resolution Coordinator's list. The persons on the proposed list of mediators shall have no official, financial, or personal conflict of interest with respect to the issues in controversy, unless the interest is fully disclosed in writing to all parties to the dispute in the mediation process and such parties waive in writing any objection to the interest. The parties shall then alternate in striking names from the list with the last name on the list becoming the mediator. The determination of which party shall have the first strike off the list shall be determined by lot. The parties shall have ten calendar days to complete the mediator selection process, unless the time is extended by mutual agreement.

Advisory Mediator. If the Alternate Dispute Resolution Coordinator deems it appropriate, it shall distribute two lists, one containing the names of seven mediators with mediation experience (or a list containing the names of all current mediators in the event of a dispute involving the Office of the Interconnection), and one containing the names of seven mediators with technical or business experience in the electric power industry. In connection with circulating the foregoing lists, the Alternate Dispute Resolution Coordinator shall specify one of the lists as containing the proposed mediators, and the other as a list of proposed advisors to assist the mediator in resolving the dispute. The parties to the dispute shall then utilize the alternative strike procedure set forth above until one name remains on each list, with the last named persons serving as the mediator and advisor.

Mediation Process. The parties to the dispute shall attempt in good faith to resolve their dispute in accordance with procedures and a timetable established by the mediator. In furtherance of the mediation efforts, the mediator may:

a. Require the parties to the dispute to meet for face-to-face discussions, with or without the mediator;

b. Act as an intermediary between the parties to the dispute;

c. Require the parties to the dispute to submit written statements of issues and positions;

d. If requested by the parties to the dispute at any time in the mediation process, provide a written recommendation on resolution of the dispute including, if requested, the assessment by the mediator of the merits of the principal positions being advanced by each of the parties to the dispute; and

e. Adopt, when appropriate, the Center for Public Resources Model ADR Procedures for the Meditation of Business Disputes (as revised from time to time) to the extent such procedures are not inconsistent with any rule, standard, or procedure adopted by the Parties and PJM, or with any provision of this Agreement.

Mediator's Assessment. If a resolution of the dispute is not reached by the thirtieth day after the appointment of the mediator or such later date as may be agreed to by the parties to the dispute, if not previously requested to do so the mediator shall promptly provide the parties to the dispute with a written, confidential, non-binding recommendation on resolution of the dispute, including the assessment by the mediator of the merits of the principal positions being advanced by each of the parties to the dispute. The recommendation may incorporate or append, if and as the mediator may deem appropriate, any recommendations or any assessment of the positions of the parties to the dispute by the advisor, if any. Upon request, the mediator shall provide any additional recommendations or assessments the mediator shall deem appropriate. At a time and place specified by the mediator after delivery of the foregoing recommendation, the parties to the dispute shall meet in a good faith attempt to resolve the dispute in light of the recommendation of the mediator. Each party to the dispute shall be represented at the meeting by a person with authority to settle the dispute, along with such other persons as each party to the dispute shall deem appropriate. If the parties to the dispute are unable to resolve the dispute at or in connection with this meeting, then any party to the dispute may commence such arbitral, judicial, regulatory or other proceedings as may be appropriate as provided in this Dispute Resolution Procedure.

C. Dispute Resolution Privilege.

In accordance with FERC's policy favoring the use of alternative dispute resolution procedures, any statements made by any Dispute Party or PJM in the dispute resolution process set forth in this Attachment B: (i) shall have no further force or effect, (ii) shall not be admissible for any purpose, in any subsequent arbitral, administrative, judicial, or other proceeding and (iii) shall be protected from discovery and otherwise confidential. Dispute resolution communications, including any determination by the mediator, shall not be admissible in accordance with Rule 606 of FERC's Rules of Practice and Procedure, Federal Rules of Evidence, and any other applicable law. All other applicable privileges available to any Dispute Party and PJM through dispute resolution and settlement discussions are also preserved. Such privileged and confidential communications may also be protected by the attorney-client privilege, the attorney-work product doctrine, and the common legal interest doctrine.

D. Reservation of Federal Power Act Rights.

Nothing in this Attachment B is intended to limit the Parties' and PJM's rights to make filings subject to this dispute resolution provision pursuant to Sections 205 or 206 of the Federal Power Act prior to resolution of such dispute.

Attachment B
Complete Redline of Proposed CTOA Amendments

CONSOLIDATED TRANSMISSION OWNERS AGREEMENT

RATE SCHEDULE FERC No. 42

PROPOSED REVISIONS

CONSOLIDATED
TRANSMISSION OWNERS AGREEMENT

This CONSOLIDATED TRANSMISSION OWNERS AGREEMENT ("Agreement") dated as of the 15th day of December 2005, is made by and among the Transmission Owners (hereinafter referred to collectively as "Parties" and individually as a "Party"). In addition, this Agreement is made by and between the Parties and PJM Interconnection, L.L.C. (hereinafter referred to as "PJM") solely for the purpose of establishing the respective rights and commitments of the Parties and PJM identified herein.

WITNESSETH:

WHEREAS, each Party and PJM, in the exercise of its rights under the Federal Power Act, 16 U.S.C § 824 *et seq.,* voluntarily and independently enters into this Agreement;

WHEREAS, on the date of initial execution of this Agreement, all then existing Parties had, pursuant to three separate Transmission Owner(s) agreements, previously agreed to transfer functional control of their Transmission Facilities to PJM;

WHEREAS, the Parties, acting pursuant to the three separate Transmission Owner(s) agreements, have agreed to consolidate the three separate Transmission Owner(s) agreements into this Agreement for the purposes established herein; and

WHEREAS, PJM's rights and commitments provided herein are in consideration of the Parties' commitments to PJM as set forth herein.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and promises made herein, the Parties and PJM agree as follows:

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~~Consolidated 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, including relevant practices required by the Federal Power Act.

~~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~~PJM Zones collectively; (ii) transactions that enter or exit the PJM Region; or (iii) one or more ~~Transmission~~PJM Zones other than the PJM Zone(s) of the Transmission Owner(s) filing such rate.

~~1.14~~ NERC

NERC shall mean the North American Electric Reliability ~~Council~~ Corporation 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.

Office of the Interconnection

Office of the Interconnection shall mean the employees and agents of PJM Interconnection, L.L.C. subject to the supervision and oversight of the PJM Board.

~~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,~~Amended and Restated Operating Agreement of PJM Interconnection, L.L.C., dated April 1, 1997 and as amended and restated June 2, 1997, including all Schedules, Exhibits, Appendices, addenda or supplements thereto, and as amended from time to time thereafter, among the members of PJM, on file with FERC.

PJM

For purposes of this Agreement, PJM shall mean PJM Interconnection, L.L.C., including the Office of the Interconnection as defined herein, and PJM Settlement, Inc.

PJM Board

PJM Board shall mean the Board of Managers of PJM Interconnection, L.L.C.

~~1.17~~ PJM Region

PJM Region shall ~~have the meaning defined~~ mean the aggregate of the PJM Zones within PJM as set forth in the PJM Tariff, Attachment J.

~~1.18~~ PJM Regional Rate Design

PJM Regional Rate Design shall mean a Rate Design that applies, in accordance with its terms, to all PJM 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~~ that certain PJM ~~Region, as in effect from time to time~~ Open Access Transmission Tariff, including any schedules, appendices~~,~~ or exhibits attached thereto, on file with FERC and as amended from time to time thereafter.

PJM Zone

A PJM Zone shall mean a transmission zone as shown in PJM Tariff, Attachment J.

~~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.~~ mean the plan prepared by the Office of the Interconnection pursuant to the Regional Transmission Expansion Planning Protocol for the enhancement and expansion of the Transmission Facilities comprising the Transmission System in order to meet the demands for firm transmission service in the PJM Region.

Regional Transmission Expansion Planning Protocol

Regional Transmission Expansion Planning Protocol shall mean PJM Tariff, Schedule ~~6 of the Operating Agreement~~19, 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, as that term is defined in the applicable FERC regulations.

~~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~~the PJM Region 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~~included in the transmission facilities list maintained by PJM.

~~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~~mean the ~~meaning given~~Transmission Facilities of the Parties in the PJM ~~Tariff~~Region.

~~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 PJM Tariff, Schedules 7 and 8 and PJM Tariff, Attachment H ~~of the PJM Tariff~~.

~~**1.33 Zone**~~
~~Zone shall have the meaning defined in the PJM Tariff.~~

ARTICLE 2 – PURPOSES AND OBJECTIVES OF THIS AGREEMENT

2.1 Purposes and Objectives

The Parties have entered into this Agreement to: (i) facilitate the coordination of planning and operation of their respective Transmission Facilities within the PJM Region; (ii) transfer certain planning and operating responsibilities to PJM; (iii) provide for regional transmission service pursuant to the PJM Tariff and subject to administration by PJM; and (iv) establish certain rights and obligations that will apply exclusively to the Parties and PJM as set forth in this Agreement.

2.2 Exercise of PJM's Responsibilities and Commitments

PJM's responsibilities and commitments under this Agreement shall be exercised exclusively and unilaterally by the PJM Board or by the PJM Office of the Interconnection subject to the supervision and oversight of the PJM Board, in the same manner as it acts to file to make changes in or relating to the terms and conditions of the PJM Tariff. Said responsibilities and commitments under this Agreement shall not be assigned or delegated, whether voluntarily, involuntarily, by operation of law, or otherwise, without the prior authorization by the Administrative Committee as specifically provided for in this Agreement. Any purported assignment or delegation in violation of this Section is null and void. Provided that nothing herein is intended to prevent PJM from utilizing contractors or consultants in performing its functions under this Agreement, provided they are under the supervision of PJM in accordance with Operating Agreement, Section 18.17.

ARTICLE 3 – PARTICIPATION IN THIS AGREEMENT

3.1 Parties.

It is the intent of the Parties and PJM that this Agreement serve as the sole Transmission Owners Agreement for all Transmission Facilities in PJM. Further, it is the agreement of the Parties and PJM that any entity that: (i) owns, or, in the case of leased facilities, has rights equivalent to ownership in, Transmission Facilities; (ii) has in place all equipment and facilities necessary for safe and reliable operation of such Transmission Facilities as part of the PJM Region; and (iii) has committed to transfer functional control of its Transmission Facilities to PJM shall become a Party to this Agreement. Any disputes regarding whether an entity has satisfied the requirements for becoming a Party in this Section 3.1 shall be ~~resolved by PJM,~~ subject to the dispute resolution procedures set out in ~~the Operating~~this Agreement.

Prior to this Agreement becoming effective as to any such entity, each of the following events shall have occurred:

i. The Operating Agreement is in full force and effect.
ii. The Operating Agreement has been executed by the entity.
iii. This Agreement has been executed by the entity.
iv. All required regulatory approvals have been obtained.

The Parties to this Agreement are listed in Attachment A.

3.2 Withdrawal From This Agreement.

Any Party may withdraw from this Agreement upon ninety (90) days advance written notice to PJM and the other Parties; provided that such withdrawal shall not be effective until the withdrawing Party has: (i) if its Transmission Facilities do not comprise an entire Control Area, satisfied all applicable standards of NERC and the Applicable Regional Reliability Council for operating a Control Area or being included within an existing Control Area; (ii) put in place alternative arrangements for satisfaction of the FERC's requirements with respect to comparable transmission services; and (iii) made a filing with the FERC under Section 205 of the Federal Power Act to withdraw from this Agreement, and such filing has been approved, accepted without suspension, or if suspended, the suspension period has expired before the FERC has issued an order on the merits of the filing. Notwithstanding the forgoing, a Zero Revenue Requirement Party may withdraw from this Agreement in the particular circumstance of permanent removal of its owned Transmission Facilities from service, provided that such Party has~~:~~ (:(a) provided written notice to PJM and the parties to the Operating Agreement at least twelve months in advance of the intended date of retirement of its owned Transmission Facilities, and (b) complied with all reasonable requirements of PJM for restoration, to the maximum extent reasonably attainable, of the PJM Transmission System to the same configuration and operational capability that existed prior to such Party's installation of its owned Transmission Facilities. Withdrawal from this Agreement shall not terminate a Party's membership pursuant to the Operating Agreement or the Reliability Assurance Agreement or its participation in PJM other than with respect to the functions transferred to PJM under this Agreement.

3.3 Transfers or Assignments.

A Party that transfers or assigns its ownership of, or its rights equivalent to ownership in, Transmission Facilities shall require the transferee or assignee to assume all rights and obligations under this Agreement and to become a Party to this Agreement.

3.4 Obligations After Withdrawal, Transfer, or Assignment.

Any Party that withdraws from, transfers, or assigns this Agreement in accordance with Sections 3.2 or 3.3 hereof, shall remain liable for any and all obligations under this Agreement that such Party incurred, that were incurred on behalf such Party, or that arose hereunder prior to the date upon which such Party's withdrawal, transfer, or assignment became effective. Withdrawal from, transfer, or assignment of this Agreement shall not relieve such Party of any of its indemnification or liability obligations pursuant to Article 9 hereof for any events occurring prior to the time that its withdrawal from this Agreement became effective.

3.5 Cessation of Effectiveness.

Subject to provisions of this Agreement providing for survival and Section 3.4, this Agreement shall cease to be effective with respect to any function PJM provides under, or in connection with, this Agreement in the event that PJM ceases to be approved by ~~the~~ FERC to ~~provide such function as an RTO~~ perform the responsibilities transferred to PJM by this Agreement, in the event that all Transmission Owners have withdrawn from this Agreement under Section 3.2, or the Parties have voted to terminate this Agreement pursuant to Section 9.3.

ARTICLE 4 – PARTIES' COMMITMENTS

Each Party agrees to the following commitments and undertakings:

4.1 Rights and Responsibilities Transferred to PJM.

4.1.1 Transmission Service.

Each ~~party~~Party shall authorize PJM to provide transmission service over its Transmission Facilities in the PJM Region under the PJM Tariff.

4.1.2 Directing the Operation of Transmission Facilities.

Each Party shall transfer to PJM, pursuant to this Agreement and in accordance with the ~~Operating Agreement~~PJM Tariff, the responsibility to direct the operation of its Transmission Facilities provided that such transfer is not intended to require any change in the physical operations or control over Transmission Facilities.

4.1.3 PJM Tariff.

Each Party shall transfer to PJM, pursuant to this Agreement ~~and in accordance with the Operating Agreement~~, responsibility for administering the PJM Tariff.

~~**4.1.4 Planning Information.**~~

4.1.4 Preparation of the Regional Transmission Expansion Plan.

(a) Each ~~party~~Party shall transfer to PJM, pursuant to this Agreement ~~and in accordance with~~ , the ~~Operating Agreement, the~~exclusive and unilateral responsibility to prepare a Regional Transmission Expansion Plan ~~and to~~to provide for the expansion and enhancement of the Parties' Transmission Facilities in the PJM Region in accordance with and subject to Section 6.3.4(a) of this Agreement.

(b) The planning of a Party's Transmission Facilities not transferred to PJM pursuant to Section 4.1.4(a) is reserved to the Party, notwithstanding that the Party has transferred to PJM the responsibility to direct the operation of such Transmission Facilities pursuant to Section 4.1.2.

(c) Each Party shall provide information reasonably requested by PJM to prepare the Regional Transmission Expansion Plan and shall otherwise cooperate with PJM in such preparation.

4.1.5 Operations Support.

As required by this Agreement, the PJM Tariff~~, the Operating Agreement~~, the PJM Manuals, or as otherwise reasonably requested by PJM, each Party will provide to PJM necessary data, information and related technical support consistent with enabling PJM to monitor and analyze system conditions so that PJM may affirmatively determine that PJM is in compliance with NERC standards.

4.2 Obligation to Build.

4.2.1 Construction Designation

Subject to: (i) the requirements of applicable law, government regulations and approvals, including, without limitation, requirements to obtain any necessary state or local siting, construction and operating permits; (ii) the availability of required financing; (iii) the ability to acquire necessary right-of-way; (iv) the right to recover, pursuant to appropriate financial arrangements and tariffs or contracts, all reasonably incurred costs, plus a reasonable return on investment; and (v) other conditions or exceptions set forth in the Regional Transmission Expansion Planning Protocol, Parties designated as the appropriate entities to construct and own or finance enhancements or expansions applicable to the PJM Region specified in the Regional Transmission Expansion Plan or required to expand or modify Transmission Facilities pursuant to the PJM Tariff shall construct and own or finance such facilities or enter into appropriate contracts to fulfill such obligations. Any designation to construct and own or finance enhancements or expansions applicable to the PJM Region specified in the Regional Transmission Expansion Plan or requirement to expand or modify Transmission Facilities pursuant to the PJM Tariff is pursuant to this Section 4.2.1, including the designation of an entity that is not a Party to this Agreement.

4.2.2 Acknowledgement of Construction Designation.

Within ninety (90) days of receiving notification from PJM pursuant to Section 1.6 of the Regional Transmission Expansion Planning Protocol, that the PJM Board has approved a Regional Transmission Expansion Plan designating a Party to construct and own or finance specified enhancements or expansions applicable to the PJM Region, such Party shall provide to PJM and the Administrative Committee: (1) an acknowledgement of such designation or the reasons why the Party disagrees with such designation or any aspect thereof, and (2) a proposed preliminary schedule for such enhancements or expansions.

4.2.3 Construction Obligations of Zero Revenue Requirements Party

A Zero Revenue Requirement Party shall not be required to participate in the construction and ownership or financing of enhancements or expansions described in Section 4.2.1 except to the extent that such enhancements or expansions involve the expansion or modification of that Party's Transmission Facilities. A Zero Revenue Requirement Party shall construct and own or finance all expansions and modifications of its own Transmission Facilities or enter into appropriate contracts to fulfill such obligation, and no other Party shall be required to participate in the construction and ownership or financing of such expansion or modification. A Zero Revenue Requirement Party shall continue to be reimbursed by an individual Interconnection Customer directly or indirectly for costs of expansion and modification the responsibility for which was directly assigned to that Interconnection Customer pursuant to the PJM Tariff, and such Zero Revenue Requirement Party shall be obligated to provide the Interconnection Customer whatever credits the Interconnection Customer may be entitled to receive under the PJM Tariff in return for such reimbursement.

4.3 Interconnection and Transmission Customers.

Unless otherwise specified in agreements, or tariffs on file at FERC and in effect, each Party shall install and construct Transmission Facilities required for interconnection of an Interconnection Customer or Transmission Customer in accordance with the PJM Tariff.

4.4 Permanently Taking Facilities Out of Service.

Prior to permanently taking out of service any of its Transmission Facilities within the PJM Region, the Party owning such Transmission Facilities shall provide PJM with reasonable advance notice.

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 transmission facilities list maintained by 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~~Facilities that it owns.

4.6 Interconnection Facilities.

Interconnections between the Parties' electric systems and between a Party's system and systems of entities not a Party to this Agreement shall be kept in place and shall be maintained in good operating condition in accordance with Good Utility Practice and principles, guidelines and standards of the Applicable Regional Reliability Council and NERC unless the interconnected parties determine, in accordance with Good Utility Practice and principles, guidelines and standards of the Applicable Regional Reliability Council and NERC, that any such interconnection should be modified or abandoned; provided, however, that nothing herein shall prohibit any Party from disconnecting its electrical systems from the facilities of any other entity, if such Party reasonably determines that disconnection is required for safety or reliability reasons.

4.7 Actions in Emergency.

Each Party shall follow PJM's operating instructions during an emergency; provided, however, that a Party may at any time take or decline to take any action(s) that it deems necessary to prevent injury to persons or loss of human life or prevent damage to property.

4.8 Maintenance Schedules.

The Parties shall coordinate with other Parties and with the owners of generation facilities within the PJM Region the maintenance of their Transmission Facilities, and the scheduling of a Transmission Planned Outage, taking into account transmission and generation outage schedules established by PJM and the PJM Manuals, and in accordance with the following planned outage scheduling procedures:

4.8.1

Each Party shall use reasonable efforts to submit Transmission Planned Outage schedules one year in advance but by no later than the first of the month six months in advance of the requested start date for all outages that are expected to exceed five (5) working days duration, with regular (at least monthly) updates as new information becomes available.

4.8.2

If notice of a Transmission Planned Outage is not provided in accordance with the requirements in Section 4.8.1 above, and if such outage is determined by PJM to have the potential to cause significant system impacts, including but not limited to reliability impacts and transmission system congestion, then the PJM may require the Party to implement an alternative outage schedule to reduce or avoid such impacts. PJM may, however, if requested by the Transmission Owner, dispatch generation or reductions in demand in order to avoid implementing an alternative outage schedule for its Transmission Facilities to extent consistent with its obligations under this Agreement, ~~the PJM Operating Agreement~~ or PJM Tariff and provided PJM determines that such dispatch would not adversely affect reliability in the PJM Region or otherwise not be in accordance with Good Utility Practices. A Transmission Owner that makes such a dispatch request pursuant to this section shall be responsible for all generation and other costs resulting from its request that would not have been incurred had PJM implemented an alternative outage schedule to reduce or avoid reliability and congestion impacts. PJM may, at the Transmission Owner's consent, directly assign to the Transmission Owner all generation and other costs resulting from PJM's dispatch of generation or reductions in demand arising from outages associated with ~~RTEP~~Regional Transmission Expansion Plan upgrades not submitted consistent with the timelines set forth in this Agreement~~,~~ and the PJM Tariff and ~~the PJM Operating Agreement and~~ where such outage is required to meet the reliability-based in-service date of the ~~RTEP~~Regional Transmission Expansion Plan upgrade project.

4.8.3

Each Party shall submit notice of all Transmission Planned Outage to PJM by the first day of the month preceding the month the outage will commence, with updates as new information becomes available.

4.8.4

If notice of a Transmission Planned Outage is not provided by the first day of the month preceding the month the outage will commence, and if such outage is determined by PJM to have the potential to cause significant system impacts, including but not limited to reliability impacts and transmission system congestion, then PJM may require the Party to implement an alternative outage schedule to reduce or avoid such impacts. PJM shall perform this analysis and notify the affected Party in a timely manner if it will require rescheduling of the outage. PJM may, however, if requested by the Transmission Owner, dispatch generation or reductions in demand in order to avoid implementing an alternative outage schedule for its Transmission Facilities to extent consistent with its obligations under this Agreement~~, the PJM Operating Agreement~~ or PJM Tariff and provided PJM determines that such dispatch would not adversely affect reliability in the PJM Region or otherwise not be in accordance with Good Utility Practices. A Transmission Owner that makes such a dispatch request pursuant to this section shall be responsible for all generation and other costs resulting from its request that would not have been incurred had PJM implemented an alternative outage schedule to reduce or avoid reliability and congestion impacts. PJM may, at the Transmission Owner's consent, directly assign to the Transmission Owner all generation and other costs resulting from PJM's dispatch of generation or reductions in demand arising from outages associated with ~~RTEP~~Regional Transmission Expansion Plan upgrades not submitted consistent with the timelines set forth in this Agreement, the PJM Tariff and ~~the PJM Operating Agreement and~~ where such outage is required to meet the reliability-based in-service date of the ~~RTEP~~Regional Transmission Expansion Plan upgrade project.

4.8.5

PJM reserves the right to approve, deny, or reschedule any outage deemed necessary to ensure reliable system operations on a case by case basis regardless of duration or date of submission.

4.8.6

PJM shall post notice of Transmission Planned Outages on OASIS upon receipt of such notice from the affected Party; provided, however, that PJM shall not post on OASIS notice of any component of such outage to the extent such component shall directly reveal a generator outage. In such cases, the affected Party, in addition to providing notice to PJM as required above, concurrently shall inform the affected generation owner of such outage, limiting such communication to that necessary to describe the outage and to coordinate with the generation owner on matters of safety to persons, facilities, and equipment. The affected Party shall not notify any other market participant of such outage and shall arrange any other necessary coordination through PJM. If PJM determines that transmission maintenance schedules proposed by one or more Parties would significantly affect the efficient and reliable operation of the PJM Region, PJM may establish alternative schedules, but such alternative schedules shall minimize the economic impact on the Party or Parties whose maintenance schedules PJM proposes to modify. Except as otherwise provided in this Agreement, the Parties shall comply with all maintenance schedules established by PJM.

4.9 Data, Information and Metering.

The Parties shall comply with the data, information and metering requirements established by PJM, as reflected in the PJM Manuals including but not limited to posting notices as required by Section 4.8.

4.10 Connections with Non-Parties.

No Party shall permit its Transmission Facilities or distribution facilities to be connected with the facilities of any entity which is not a Party without an interconnection agreement that contains provisions for the safe and reliable operation of each interconnection in accordance with Good Utility Practice, and principles, guidelines and standards of the Applicable Regional Reliability Council and NERC or comparable requirements of an applicable retail tariff or agreement approved by appropriate regulatory authority. Subject to applicable regulatory requirements, any dispute regarding the adequacy of such agreements shall be resolved by PJM, subject to the dispute resolution provisions of ~~the Operating~~this Agreement.

4.11 Transmission Facility Ratings.

Each Party shall provide PJM with Transmission Facility Ratings, and PJM shall review and implement those ratings in accordance with this Section 4.11 and the PJM Manuals.

4.11.1

Each Party shall provide PJM (1) ambient-adjusted normal and Emergency Ratings ("Ambient-Adjusted Ratings") for its Transmission Facilities, and (2) the methodology used for determining such ratings, developed in accordance with applicable standards of NERC and the Applicable Regional Reliability Council. Alternative ratings for a Transmission Facility will be identified in accordance with Sections 4.11.1.1 and 4.11.1.2 herein.

4.11.1.1

If a Party reasonably determines, consistent with Good Utility Practice, that a temporary conditional Transmission Facility Rating of a Transmission Facility is necessary to ensure the safety and reliability of the Transmission System, the Party may assign a temporary conditional Transmission Facility Rating to that Transmission Facility. The Party shall provide information to PJM explaining the nature and basis for the temporary conditional Transmission Facility Rating, as well as the date and time that such rating is initiated and withdrawn.

4.11.1.2

If a Party reasonably determines, consistent with Good Utility Practice, that the Transmission Facility Rating of a Transmission Facility is not affected by ambient air temperature or solar heating, the Party may assign an exception rating, i.e., a Transmission Facility Rating that is not an Ambient-Adjusted Rating or a Seasonal Facility Rating. The Party shall provide information to PJM explaining the nature and basis for the exception and, if applicable, the date and time that the exception rating is initiated and withdrawn. The Party shall reevaluate an exception rating at least once every five years.

4.11.1.3

A Party may comply with this Section 4.11.1 by providing to PJM applicable ratings in tabular form from which PJM may select the rating for the relevant temperatures, time periods, and other conditions, as applicable.

4.11.2

Each Party shall provide PJM with updates to its Transmission Facility Ratings along with the information required in Section 4.11.1 as soon as practicable after such Party becomes aware of any permanent or temporary changes to those ratings.

ARTICLE 5 – PARTIES' RETAINED RIGHTS

Notwithstanding any other provision of this Agreement, each Party shall retain all of the rights set forth in this Article 5; provided, however, that such rights shall be exercised in a manner consistent with a Party's obligations under the Federal Power Act and the FERC's rules and regulations thereunder.

5.1 Procedures.

Each Party shall have the right to adopt and implement procedures it deems necessary to protect its electric facilities from physical damage or to prevent injury or damage to persons or property.

5.2 Facility Rights.

Each Party shall have the right to build, finance, own, acquire, sell, dispose, retire, replace, 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.

5.3 Actions to Fulfill Obligations.

Each Party shall have the right to take whatever actions it deems necessary to fulfill its obligations under local, state or federal law.

5.4 Federal Power Act Rights.

Except as otherwise provided in this Agreement, each Party retains its rights pursuant to the Federal Power Act and the FERC's rules and regulations thereunder.

5.5 Enforcement of Obligations.

Each Party shall have the right to seek enforcement of the obligations of any Party or of PJM under this Agreement subject to the terms and conditions of ~~the Operating Agreement~~FERC regulations and the PJM Tariff.

5.6 Reservation of Rights.

Rights not specifically transferred by the Parties to PJM pursuant to this Agreement or any other agreement are expressly reserved by the Parties.

ARTICLE 6 – PJM's RIGHTS AND COMMITMENTS

6.1 Condition to Acceptance of Functional Control.

PJM shall condition the transfer of functional control over an entity's Transmission Facilities to PJM on such entity becoming a Party to this Agreement.

6.2 Rights of PJM under this Agreement.

PJM shall have the exclusive right to seek enforcement of the obligations of any Party to PJM under Article 6 of this Agreement.

6.3 Obligations of PJM under this Agreement.

PJM shall:

6.3.1

~~Direct~~Provide for the safe and reliable operation of the PJM Region by directing the operation and coordinating~~e~~ the maintenance of the Transmission Facilities of the Parties in accordance with: (i) the ~~Operating Agreement; (ii) the~~ PJM Tariff; (~~iii~~ii) Good Utility Practice; (iii) applicable laws and regulations and (iv) NERC and Applicable Regional Reliability Council operation and planning standards, principles and guidelines~~.~~;

6.3.2

Administer the PJM Tariff and provide service thereunder in the PJM Region.

6.3.3

(i) Maintain and ~~Administer~~ administer the Regional Transmission Expansion Planning Protocol as a Schedule to the PJM Tariff;

(ii) Develop and file pursuant to its exclusive and unilateral rights under Tariff, Section 9.2 changes to the Regional Transmission Expansion Planning Protocol consistent 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; and (iv) Good Utility Practice; and

(iii) provide ~~related timely~~ reports to the Administrative Committee consistent with ~~the Operating~~this Agreement and the PJM Tariff.

6.3.4

(a) Conduct its planning for the expansion and enhancement of ~~transmission facilities~~Transmission Facilities based on a planning horizon of at least ten years, or such longer period as may be otherwise required by the PJM Tariff, ~~or Operating Agreement,~~ including under the Regional Transmission Expansion Planning Protocol, PJM Tariff, Schedule 19, and prepare a Regional Transmission Expansion Plan to provide for the expansion and enhancement of the Parties' Transmission Facilities to address one or more of the following planning criteria:

(i) The PJM Tariff, including the Regional Transmission Expansion Planning Protocol that will be set forth exclusively in PJM Tariff, Schedule 19, as may be amended pursuant to PJM's exclusive and unilateral right to file for changes to Schedule 19 in accordance with Tariff, Section 9.2;

(ii) PJM Tariff, Attachment M-3 as may be amended pursuant to the Transmission Owners' exclusive and unilateral right acting pursuant to Section 8.5.1(e) of this Agreement to file for changes to Tariff, Attachment M-3 in accordance with Section (e) thereof and Tariff, Section 9.1; and

(iii) This Agreement, as may be amended by agreement between PJM and the Transmission Owners acting pursuant to Section 8.5.1(a) of this Agreement.

(b) The planning of a Party's Transmission Facilities not transferred to PJM pursuant to Section 4.1.4(a) is reserved to the Party, notwithstanding that the Party has transferred to PJM the responsibility to direct the operation of such Transmission Facilities pursuant to Section 4.1.2.

6.3.5

Maintain its status as an RTO.

6.3.6

Collect and pay to each Party all amounts due to such Party as a Transmission Owner under the PJM Tariff and to distribute such amounts in accordance with the PJM Tariff and this Agreement.

6.3.7

Work cooperatively with Transmission Owner(s) desiring to create a new or reformed transmission-owning entity in accordance with Section 5.2 and other applicable provisions of this Agreement.

6.3.8

Participate in scheduled meetings of the Administrative Committee and furnish appropriate information and reports to keep the Parties regularly informed as to matters arising under this Agreement~~.~~ and the PJM Tariff. At the request of a Party, participate in conversations as to the matters arising under this Agreement.

6.3.9

Consult with committees jointly established by the Parties and PJM with respect to matters arising under this Agreement.

6.3.10

Assist the Parties in developing changes to the PJM Tariff under PJM Tariff, Part I, Section 9.1 and Section 7.3 of this Agreement.

ARTICLE 7 – CHANGES TO RATE DESIGN AND TARIFF TERMS AND CONDITIONS; DISTRIBUTION OF REVENUES

7.1 Individual Transmission Owner Rates.

Notwithstanding any other provision of this Agreement, each Party expressly and individually reserves unto itself the following rights:

7.1.1

Each Party shall have the exclusive right to file unilaterally at any time pursuant to Section 205 of the Federal Power Act to establish or change the transmission revenue requirement for services provided under the PJM Tariff with respect to its Transmission Facilities (regardless of whether such revenue requirement is used to support rates and charges for delivery within its PJM Zone or outside its PJM Zone). This right includes, but is not limited to, the right to file a transmission revenue requirement, or a revenue requirement that is based on incentive or performance-based factors.

7.1.2

[Reserved ~~for Future Use~~]

7.1.3

Each Party shall have the exclusive right to file unilaterally, at any time pursuant to Section 205 of the Federal Power Act, to change rates and charges for transmission and ancillary services (including, without limitation, incentive rates, and rates and charges for new services) for delivery within its PJM Zone, which rates and charges are based solely on the costs of the Transmission Facilities of such Party.

7.1.4

A filing that is otherwise consistent with this Section 7.1 which changes the rate applicable within a PJM Zone and which also applies to transactions that enter that PJM Zone from outside the PJM Region shall not require approval under Section 8.5.1.

7.2 PJM Regional Rate Design and Joint Transmission Rates.

7.2.1

Section 205 filings to change the PJM Regional Rate Design or file for Joint Transmission Rates may only be made by the Parties, acting collectively, pursuant to a filing approved in accordance with Section 8.5.1 of this Agreement. The Parties, acting individually, shall have no authority to make any filings under Section 205 of the Federal Power Act either to change or which would be inconsistent with the PJM Regional Rate Design or Joint Transmission Rates.

7.2.2

Nothing in this Agreement is intended to authorize the PJM Transmission Owners to file pursuant to Section 205 of the Federal Power Act, as part of a filing to change the PJM Regional Rate Design, Joint Transmission Rates, or otherwise, proposed changes to those rates and charges for which an individual Party has reserved filing rights under Section 7.1 without the express consent of such Party, unless such change is required to be consistent with a Joint Transmission Rate or PJM Regional Rate Design adopted pursuant to Sections 7.2.1 and 7.3.

7.3 Filing of Transmission Rates and Rate Design Under Section 205.

7.3.1

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 PJM Regional Rate Design, 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 as specified under Sections 7.1 and 7.3. Except as provided in Section 7.1.1, the Transmission Owners may only file under Section 205 to change the PJM Regional Rate Design pursuant to a filing approved in accordance with Section 8.5.1.

7.3.2

If the Transmission Owners agree upon a change referred to in Section 7.2.1 by vote in accordance with Section 8.5.1, 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, PJM may, but shall not be required to, make the Section 205 filings with the FERC on behalf of the Transmission Owners; provided that any such filing by PJM 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 7.6) 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.

7.3.3

Nothing in this Section 7.3 is intended to limit the rights of any Party or other person to oppose such a Section 205 filing pursuant to Section 206 or any other applicable provision of the Federal Power Act, or to limit the right of any Party or other person to make filings under Section 206 of the Federal Power Act.

7.3.4

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: (i) Section 34; (ii) Schedule 1A; (iii) Schedule 7 (except as to transmission congestion charges under Attachment K to the PJM Tariff or any successor thereto); (iv) Schedule 8 (except as to transmission congestion charges under Attachment K to the PJM Tariff or any successor thereto); (v) Schedule 11; (vi) Schedule 12; (vii) Attachment H-A; (viii) Attachment J; and (ix) Attachment R; provided, however, that if a filing pursuant to Section 205 is required to effect a change in any of the forgoing provisions of the PJM Tariff, solely by reason of a filing by an individual PJM Transmission Owner pursuant to Section 7.3.5, PJM may make such a filing if: (a) five business days prior to making such filing, PJM provides the PJM Transmission Owners with each proposed change including an explanation thereof; and (b) no PJM Transmission Owner notifies PJM that it objects to PJM making such filing.

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).

7.3.6

The listing of provisions in Sections 7.3.4 and 7.3.5 above is not exclusive, and failure to specify a provision of the PJM Tariff in this Section 7.3 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 PJM Regional Rate Design or Joint Transmission Rates, 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.

7.3.7

The Transmission Owners' Section 205 rights shall include the unilateral right to file for incentive and performance based rates that affect or relate to transmission revenue requirements, transmission rate design, or any performance or incentive 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 Agreement 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 this 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 the recovery of transmission-related costs by the Transmission Owners.

7.4 Transmission Rate PJM Zone Size.

For purposes of developing rates for service under the PJM Tariff, transmission rate PJM Zones smaller than those shown in Attachment J to the PJM Tariff, or subzones of those PJM Zones, shall not be permitted within the current boundaries of the PJM Region; provided, however, that additional PJM Zones may be established if the current boundaries of the PJM Region is expanded to accommodate new Parties to this Agreement.

7.5 Changes in Terms and Conditions.

The Parties may propose to revise any of the non-rate terms and conditions of the PJM Tariff in a manner consistent with requirements of FERC. Any such proposal shall be submitted to PJM for ~~action pursuant to the Operating Agreement.~~consideration under the processes PJM uses to develop non-rate terms and conditions.

7.5.1 Filing of Changes in Terms and Conditions Under Section 205.

(i) Except as expressly provided in Tariff, Part I, Section 9.2(a)(ii), PJM 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 to make changes in or relating to the terms and conditions of the PJM Tariff (including but not limited to provisions relating to creditworthiness, billing, and defaults) as well as all charges for recovery of PJM costs. PJM shall not have any Section 205 filing rights with respect to the subject matters described in Sections 7.1 and 7.2 of this Agreement. PJM shall not have any Section 205 filing rights with respect to the provisions of the PJM Tariff listed in Sections 7.3.4 and 7.3.5 of this Agreement.

(ii) PJM shall consult with the Transmission Owners, through the Administrative Committee, and the PJM Members Committee beginning not less than seven (7) days in advance of any such Section 205 filing, but neither the Transmission Owners (except as provided for in Section 7.6) nor the PJM Members Committee shall have any right to veto or delay any such Section 205 filing. PJM may file with less than a full seven (7) 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 that PJM shall provide as much advance notice and consultation with the Transmission Owners, through the Administrative Committee, and the PJM Members Committee as is practicable in such circumstances, and no such emergency filing shall be made with less than 24 hours advance notice.

(iii) Nothing herein is intended to limit the rights of any Party or other person to oppose such a Section 205 filing pursuant to Section 206 or any other applicable provision of the Federal Power Act or to limit the right of any Party or other person to make filings under Section 206 of the Federal Power Act.

(iv) To the extent that PJM desires to add a provision to the PJM Tariff, or to change an existing provision thereof, in accordance with PJM's rights under Section 7.5.1 (i), the Transmission Owners shall have unilateral and exclusive rights to make Section 205 filings with respect to any matters covered by such new or changed provisions relating to the establishment and recovery of the Transmission Owners' transmission revenue requirements, the PJM Regional Rate Design or Joint Transmission Rates, or any provisions governing the recovery of transmission-related costs incurred by the Transmission Owners. Prior to making any Section 205 filing covered by Section 7.5.1-~~(i)~~ that also relates to or affects the establishment and recovery of the Transmission Owners' transmission revenue requirements and the PJM Regional Rate Design or Joint Transmission Rates, or any provisions governing the recovery of transmission-related costs incurred by the Transmission Owners, PJM shall provide no less than 45 days notice to the Transmission Owners of the intended filing in sufficient detail to provide them a reasonable opportunity to include appropriate provisions in the PJM Tariff governing these subjects, either through a Section 205 filing by the Transmission Owners or approval by the Transmission Owners of the PJM proposal pursuant to Section 8.5.1.

(v) Nothing in this Agreement is intended to prevent PJM from utilizing processes under the Operating Agreement and the PJM Manuals to develop or revise terms and conditions to be set forth in the PJM Tariff and to consult with PJM Members and others with respect thereto.

7.5.2 Filing of Changes in Rate Design, Terms and Conditions Under Section 206.

Any Party or any group of Parties shall have the right to submit a proposal to the FERC to change the Rate Design and the non-rate terms and conditions of the PJM Tariff pursuant to Section 206 of the Federal Power Act. Nothing herein is intended to limit the rights of PJM, any Party, or other person to oppose proposed changes to the terms and conditions filed by PJM, a Party, or group of Parties.

7.6 Disputes Regarding Exclusive 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 Sections 7.3.2 or 7.5.1 (ii~~),~~) of this Agreement, a dispute arises as to which Party has Section 205 rights to make such filing, the following procedures shall apply:

7.6.1

The 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.

7.6.2

If the Transmission Owners propose to make the Section 205 filing, they shall defer such filing beyond the 30-day notice and consultation period provided for in Section 7.3.2 for up to 10 additional days at the request of PJM to allow the dispute to be resolved.

7.6.3

If PJM proposes to make the Section 205 filing, it shall defer any filing beyond the 7 day notice and consultation period provided for in Section 7.5.1 (ii) for up to 10 additional days to allow the dispute to be resolved;

7.6.4

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 this Agreement;

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.

7.6.6

Nothing in this Section 7.6 is intended to limit the Parties' rights to make filings subject to this dispute resolution provision pursuant to Section 206 of the Federal Power Act prior to resolution of such dispute.

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 PJM 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.

ARTICLE 8 – THE ADMINISTRATIVE COMMITTEE

8.1 Duties and Responsibilities.

The Administrative Committee shall have the authority to propose policies and recommendations to PJM as to any matters relating to the Parties' Transmission Facilities; provided, however, that PJM shall not be required to adopt such policies or recommendations and that the Administrative Committee shall not exercise any control over functions and responsibilities transferred exclusively to PJM pursuant to this Agreement, the PJM Tariff or the Operating Agreement. The Administrative Committee shall also have the authority to establish such committees, subcommittees, task forces, working groups or other bodies as it shall deem appropriate and the responsibility to undertake any other action delegated to it pursuant to this Agreement. The Administrative Committee shall determine the Affiliate status of Parties for purposes of Individual or Weighted Votes.

8.2 Representatives.

Each Party shall appoint one or more representatives and alternate representative(s) to serve as a member of the Administrative Committee with authority to act for that Party with respect to actions taken or decisions made by the Administrative Committee. The representative(s) shall be an officer or agent of the Party, having binding decision-making authority with respect to the transmission affairs of the Party. Each representative shall be a member of the Administrative Committee; provided, however, that each Party's alternate shall serve as a member of the Administrative Committee during any absence of that Party's representative.

8.2.1 Initial Representatives.

Unless a Party appoints a different representative and alternate, the representatives and alternates of the Parties appointed under the Transmission Owners agreements in effect on the day prior to the effective date of this Agreement shall be the initial representatives and alternates under this Agreement. Subsequent to the Effective Date of this Agreement, an entity that becomes a Party pursuant to Section 3.1 hereof shall appoint its representative(s) and alternate(s) and provide written notice to the other Parties within thirty (30) days after becoming a Party.

8.2.2 Change of or Substitution for a Representative or Alternate.

A Party may at any time upon providing written notice to the other Parties designate a replacement representative or alternate. Any member of the Administrative Committee, by providing written notice to the Chair of the Administrative Committee, may designate a substitute to act for him or her with respect to any matter specified in such written notice.

8.3 Officers.

At the initial meeting of the Administrative Committee, a Chair and Vice Chair shall be elected from among the Parties' representatives on the Administrative Committee. The term of office for the Chair and Vice Chair shall be one year, or until succession to each office occurs as provided herein. Except as provided in Section 8.3.1, at each annual meeting, the Vice Chair shall succeed to the office of the Chair, and a new Vice Chair shall be elected.

8.3.1 Vacancies.

If the office of the Chair becomes vacant for any reason, the Vice Chair shall succeed to the office of the Chair and a new Vice Chair shall be elected at the next regular or special meeting; provided that following such vacancy of the Chair, the succeeding Chair and Vice Chair shall serve until the second annual meeting following such succession or election. If the office of the Vice Chair becomes vacant for any reason, a new Vice Chair shall be elected at the next regular or special meeting and shall serve out the term of the Vice Chair whose office became vacant.

8.3.2 Duties of the Officers.

The Chair, the Vice Chair, or their representatives, shall: call and preside at meetings of the Administrative Committee; cause minutes of each meeting to be taken and maintained; cause notices of meetings to be distributed; and carry out such other responsibilities as the Administrative Committee shall assign ~~or as may be specified in the Operating Agreement.~~. The Vice Chair shall preside at meetings of the Administrative Committee if the Chair is absent for any reason, and shall otherwise act for the Chair at the Chair's request.

8.4 Meetings.

The Administrative Committee shall hold meetings no less frequently than once each calendar quarter. One of such regular meetings shall be designated as the annual meeting, at which officers shall be elected. The matters to be addressed at all meetings shall be specified in the agenda provided in the notice distributed pursuant to Section 8.4.1 hereof; provided, however, that action may be taken on a matter not described in such agenda, if approved by the Parties pursuant to a vote under Section 8.5.1.

8.4.1 Notice of Meetings.

Notice of a meeting shall be distributed to the representatives not later than ten (10) days prior to the meeting, provided, however, that meetings may be called on shorter notice at the discretion of the Chair as the Chair shall deem necessary to deal with an emergency or to meet a deadline for action. The notice shall state the time and place of such meeting, and shall include an agenda sufficient to notify the representatives of the substance of the matters to be considered at the meeting. In addition, notice of all meetings shall be provided over the PJM website at the same time as it is provided to the representatives.

8.4.2 Attendance.

Regular or special meetings may be conducted in person or by telephone or other means as authorized by the Administrative Committee. The attendance in person or by telephone or other means of a representative, alternate or duly-designated substitute representative shall be required for purposes of determining a quorum and for the exercise of Individual Votes or Weighted Votes.

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 either (i) 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, or (ii) representatives, alternates, or duly-designated substitute representatives whose Weighted Votes constitute at least ninety five percent (95%) 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.

8.4.4 Open Meetings.

Except as provided in this section, all meetings of the Administrative Committee shall be open to entities that are signatories to the Operating Agreement and to personnel of PJM, and all matters subject to Section 8.5.1 upon which the representatives vote shall be open to such entities and to such personnel. Meetings of the Administrative Committee shall be closed to persons or entities other than personnel of PJM if, in the determination of the Chair, doing so is required to comply with FERC's Standards of Conduct For Transmission Providers, Critical Energy Infrastructure Information, or Section 9.15, or shall be closed to all persons or entities other than personnel or representatives of the Parties in order to preserve the attorney-client, attorney work product or other privileges of the Parties or of the Administrative Committee.

8.4.5 Cost of Meetings.

Each Party shall be solely responsible for all costs incurred for its representative or alternate to attend any meeting. The Parties shall share the costs incurred by the host of any meeting of the Administrative Committee in the following manner. Fifty percent (50%) of such meeting cost shall be allocated in proportion to the Parties' Individual Votes and the remaining fifty percent (50%) of such meeting cost shall be allocated in proportion to the Parties' Weighted Votes. PJM shall accumulate costs and bill the Parties quarterly.

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. Except for Parties that are Affiliates, no representative, alternate or duly-designated substitute of a Party may be a representative, alternate or duly-designated substitute of any other Party.

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, the vote shall not fail if voted against by representatives of Parties entitled to vote whose combined Weighted Votes do not exceed five percent (5%) 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, or termination of this Agreement pursuant to Section 9.3, provided that the text of any amendment or notice of proposed termination 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, in accordance with Section 9.3, 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.

8.5.2 Action by Simple Majority.

Action by the Administrative Committee on any matter other than those specified in Section 8.5.1 shall require: (i) the presence of a quorum at the time of the vote; and (ii) the concurrence of: (a) representatives' whose combined Individual Votes exceed one-half of the total Individual Votes cast at a meeting, however, the vote shall not fail if voted against by representatives of Parties entitled to vote whose combined Weighted Votes do not exceed five percent (5%) of the total Weighted Votes cast; and (b) representatives' whose combined Weighted Votes exceed one-half of the total Weighted Votes cast at a meeting.

8.5.3 Zero Revenue Requirements Party Voting Rights

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.

8.5.4 Changing a Party's Regional Reliability Council

Anything contained herein to the contrary notwithstanding, no vote to amend the definition of Applicable Regional Reliability Council, the application of such definition in within this Agreement, or to change the Applicable Regional Reliability Council of a Party shall pass without the affirmative vote of the representative of each Party whose Applicable Regional Reliability Council would be revised or changed as a result of such amendment.

ARTICLE 9 – OTHER MATTERS

9.1 Relationship of the Parties.

This Agreement shall not be interpreted or construed to create any association, joint venture, or partnership between or among the Parties or to impose any partnership obligation liability upon any Party. Except as explicitly provided in Section 8.1 hereof or with respect to the actions of the Administrative Committee, neither PJM nor any Party shall have the right, power or authority under this Agreement to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any other Party or PJM.

9.2 No Third-party Beneficiaries.

This Agreement is intended to be solely for the benefit of the Parties and PJM and their respective successors and permitted assigns and is not intended to and shall not confer any rights or benefits on any third party (other than successors and permitted assigns) not a signatory hereto.

9.3 Term and Termination.

This Agreement shall be effective as of the Effective Date and shall continue in effect thereafter unless and until terminated by: (i) a vote of the Administrative Committee as of a specified date at least six (6) months after the date of such vote; or (ii) the termination of the Operating Agreement, unless the Administrative Committee decides not to terminate this Agreement or to terminate it at a later date. Termination may become effective only upon FERC's ~~approval or~~ acceptance without suspension or hearing.

9.4 Winding Up.

Any provision of this Agreement that, expressly or by implication, comes into or remains in force following termination or expiration of this Agreement shall survive such termination or expiration. Such surviving provisions shall include, but not be limited to: (i) those provisions necessary to permit the orderly conclusion or continuation, pursuant to another agreement, of transactions entered into prior to the decision to terminate this Agreement; (ii) those provisions necessary to conduct final billing, collection, and accounting with respect to all matters arising hereunder; and (iii) the indemnification provisions as applicable to periods prior to such termination or expiration.

9.5 Successors and Assigns.

This Agreement shall inure to the benefit of and be binding upon the Parties hereto, their respective successors and assigns permitted herein, but shall not be assignable by any Party without the approval of the Administrative Committee, except: (i) as to a successor in the operation of a Party's Transmission Facilities by reason of a merger, consolidation, reorganization, sale, spin-off, or foreclosure, as a result of which substantially all such Transmission Facilities are acquired by such a successor, and such successor becomes a Party to this Agreement; or (ii) as an assignment of rights under this Agreement for financing purposes.

9.6 Force Majeure.

No Party shall be liable to any other Party for damages or otherwise be in breach of this Agreement to the extent and during the period such Party's performance is prevented by any cause or causes beyond such Party's control and without such Party's fault or negligence, including but not limited to any act, omission, or circumstance occasioned by or in consequence of any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, or curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities; provided, however, that any such foregoing event shall not excuse any payment obligation. Upon the occurrence of an event considered by a Party to constitute a force majeure event, such Party shall use due diligence to endeavor to continue to perform its obligations as far as reasonably practicable and to remedy the event, provided that no Party shall be required by this provision to settle any strike or labor dispute.

9.7 Default and Waiver

9.7.1 Default.

Any Party that fails to meet its financial or other obligations to another Party or to PJM under this Agreement shall be deemed to be in breach of this Agreement. If the Administrative Committee concludes, upon the report of PJM or complaint of any Party that another Party is in breach, the Administrative Committee shall so notify such Party and inform all other Parties. The notified Party may remedy such breach by: (i) paying all amounts assertedly due, along with interest on such amounts calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii); and (ii) presenting evidence satisfactory to the Administrative Committee that it has taken appropriate measures to meet any other obligation of which it was deemed to be in breach; provided, however, that any such payment or presentation may be subject to a reservation of rights, if any, to a final determination of the obligations of the Party pursuant to the dispute resolution provisions in ~~the Operating~~this Agreement. If, by the thirtieth (30th) day following receipt of the foregoing notice, a Party has not remedied the breach, then such Party shall be in default, and in addition to any other remedies then available:

(a) Any representative of the defaulting Party on the Administrative Committee, or any other committee, subcommittee, working group or task force established pursuant to this Agreement, shall not be entitled to vote for so long as the default shall continue to exist.

(b) If the default is the Party's second default within a period of twenty-four months, or is a default that imperils the safety or reliability of the PJM Region, the Administrative Committee may vote to terminate the Party's status as a Party to this Agreement. A terminated Party shall comply with all obligations applicable to a Party withdrawing from this Agreement.

9.7.2 No Implied Waivers.

The failure of a Party or of the Administrative Committee to insist upon or enforce strict performance of any of the provisions of this Agreement shall not be construed as a waiver or relinquishment to any extent of such entity's right to assert or rely upon any such provisions, rights and remedies in that or any other instance; rather, the same shall be and remain in full force and effect.

9.8 Indemnification.

9.8.1

Each Party agrees to indemnify and hold harmless each of the other Parties, its officers, directors, employees or agents (not including PJM and the PJM Board) for all actions, claims, demands, costs, damages and liabilities asserted by a third party against the Party seeking indemnification and arising out of or relating to any of the Transmission Facilities or other assets that are the subject of this Agreement of the Party from which indemnification is sought, or an act or failure to act in accordance with this Agreement by such Party, except: (i) to the extent that such liabilities result from the negligence or willful misconduct of the Party seeking indemnification; and (ii) that each Party shall be responsible for all claims of its own employees, agents and servants growing out of any workmen's compensation law.

9.8.2

The amount of any indemnity payment arising hereunder shall be reduced (including, without limitation, retroactively) by any insurance proceeds or other amounts actually recovered by the Party seeking indemnification in respect of the indemnified action, claim, demand, costs, damage or liability. If any Party shall have received an indemnity payment for an action, claim, demand, cost, damage or liability and shall subsequently actually receive insurance proceeds or other amounts for such action, claim, demand, cost, damage or liability, then such Party shall pay to the Party that made such indemnity payment the lesser of the amount of such insurance proceeds or other amounts actually received and retained or the net amount of the indemnity payments actually received previously.

9.9 Limitations on Liability.

No Party shall be liable to any other Party for any claim for indirect, incidental, special or consequential damage or loss of the other Party, including, but not limited to, loss of profits or revenues, cost of capital of financing, loss of goodwill and cost of replacement power arising from such Party's carrying out, or failing to carry out, any obligations contemplated by this Agreement except to the extent the damages are direct damages that result from the gross negligence or intentional misconduct of such party; provided, however, that nothing herein shall be deemed to reduce or limit the obligation of any Party with respect to the claims of persons or entities not a Party to this Agreement. To the extent that any Party has a claim against any other Party, the amount of any judgement or arbitration award on such claim entered in favor of such Party shall be limited to the value of that Party's assets. The Parties may not seek to enforce claims against the directors, managers, members, shareholders, officers, or employees of any other Party who shall have no personal liability for obligations of such Party by reason of their status as directors, managers, members, shareholders, officers or employees.

9.10 PJM's Liability.

The liability of PJM, its Board, officers, employees, and agents shall be governed by the applicable provisions of the PJM Tariff and Operating Agreement.

9.11 Governing Law.

This Agreement shall be interpreted, construed and governed by the laws of the state of Delaware exclusive of the conflicts of laws provisions.

9.12 Notice.

Except as otherwise expressly provided herein, notices required hereunder shall be in writing and shall be sent to a Party by overnight courier, hand delivery, telecopier or other reliable electronic means to the representative on the Administrative Committee of such Party at the address for such Party previously provided by such Party to the other Parties or as otherwise directed by the Administrative Committee. Any such notice so sent shall be deemed to have been given: (i) upon delivery if given by overnight couriers or hand delivery; or (ii) upon confirmation if given by telecopier or other reliable electronic means.

9.13 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together will constitute one instrument, binding upon all Parties hereto, notwithstanding that all such Parties may not have executed the same counterpart.

9.14 Representations and Warranties.

Each Party represents and warrants to the other Parties that, as of the date it becomes a Party.

9.14.1

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

9.14.2

The execution and delivery by the Party of this Agreement and the performance of its obligations hereunder have been duly and validly authorized by all requisite action on the part of the Party and do not conflict with any applicable law or with any other agreement binding upon the Party. The Agreement has been duly executed and delivered by the Party, and this Agreement constitutes the legal, valid and binding obligation of the Party enforceable against it in accordance with its terms except insofar as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws affecting the enforcement of creditor's rights generally and by general principles of equity regardless of whether such principles are considered in a proceeding at law or in equity; and

9.14.3

There are no actions at law, suits in equity, proceedings or claims pending or, to the knowledge of the Party, threatened against the Party before or by any federal, state, foreign or local court, tribunal or governmental agency or authority that might materially delay, prevent or hinder the performance by the Party of its obligations hereunder.

9.15 Confidentiality

9.15.1 Party Access.

No Party shall have a right hereunder to receive or review any documents, data or other information of another Party, including documents, data or other information provided to PJM, to the extent such documents, data or information have been designated as confidential pursuant to the procedures adopted by PJM or to the extent that they have been designated as confidential by such other Party; provided, however, a Party may receive and review any composite documents, data and other information that may be developed based on such confidential documents, data or information if the composite does not disclose any individual Party's confidential data or information.

9.15.2 Maintenance of Confidential Information.

In the course of performing functions under this Agreement, the Parties may from time to time receive from each other or from PJM information that a Party or PJM may designate as confidential, or which is subject to FERC's Standards of Conduct for Transmission Providers, or Critical Energy Infrastructure Information, as amended from time to time. The Parties and PJM shall treat such information as confidential in accordance with a nondisclosure agreement adopted by the Administrative Committee. Information subject to FERC's Standards of Conduct for Transmission Providers or Critical Energy Infrastructure Information shall not be disclosed or shared except as permitted thereby.

9.16 Severability and Renegotiation.

9.16.1 Severability.

Each provision of this Agreement shall be considered severable and if for any reason any provision is determined by a court or regulatory authority of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect and shall in no way be affected, impaired or invalidated, and such invalid, void or unenforceable provision shall be replaced with valid and enforceable provision or provisions which otherwise give effect to the original intent of the invalid, void or unenforceable provision.

9.16.2 Renegotiation.

If any provision of this Agreement is held by a court or regulatory authority of competent jurisdiction to be invalid, void or unenforceable, or if the Agreement is modified or conditioned by a regulatory authority exercising jurisdiction over this Agreement, the Parties shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the Parties under this Agreement immediately prior to such holding, modification or condition. If after 60 days such negotiations are unsuccessful the Parties may exercise their withdrawal or termination rights under this Agreement.

9.17 Insurance.

Each Party shall obtain and maintain in force such insurance as is consistent with Good Utility Practice.

9.18 Headings.

The article and section headings used in this Agreement are for convenience only and shall not affect the construction or interpretation of any of the provisions of this Agreement.

9.19 Disputes Between a Party and PJM.

To the extent any dispute arises between one or more Parties and PJM regarding any issue covered by this Agreement, at the ~~Party and~~initiation of any of the Parties or PJM resolution of the dispute shall follow the ~~dispute resolution~~ procedures set forth in ~~the dispute resolution procedures provided as Schedule 5~~section 7.6 above or Attachment B to ~~the Operating~~this Agreement~~.~~, as invoked.

~~**9.20 Changes to Applicable Regional Reliability Council.**~~

~~Notwithstanding anything in this Agreement, the Parties agree and acknowledge that any Party that files a request or complaint with FERC pursuant to Section 206 of the Federal Power Act to amend the definition of Applicable Regional Reliability Council or the application of such definition within this Agreement, or to change the Applicable Regional Reliability Council of a Party agrees that such request or complaint shall be submitted pursuant to the "public interest" standard of Section 206, as set forth in United Gas Pipe Line Co. v. Mobile Gas Services Corp., 350 U.S. 332 (1956 and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956), provided, however, such Mobile-Sierra "public interest" standard shall not apply to FERC ordered changes pursuant to Section 206 of the Federal Power Act to amend the definition of Applicable Regional Reliability Council or the application of such definition within this Agreement, or to change the Applicable Regional Reliability Council of a Party.~~

9.20 Reserved

9.21 Prior Agreements Superseded.

As of the Effective Date of this Agreement, the Transmission Owners Agreement dated as of June 2, 1997, as amended, the West Transmission Owners Agreement dated as of March 13, 2001, as amended and restated December 2, 2002, and the PJM South Transmission Owner Agreement dated May 11, 2004 shall be superseded in accordance with the terms of this Agreement.

9.22 Relationship to Superseded Agreements.

Upon the Effective Date of this Agreement, each Party shall maintain its rights and remain liable for any and all obligations under: (i) the Transmission Owners Agreement dated as of June 2, 1997, as amended: (ii) the West Transmission Owners Agreement dated as of March 13, 2001, as amended and restated December 2, 2002; or (iii) the PJM South Transmission Owner Agreement dated May 11, 2004 (collectively "the Superseded Agreements") applicable to such Party that arose under a Superseded Agreement with respect to such Party prior to the Effective Date of this Agreement. Neither the effectiveness of this Agreement nor the termination of the Superseded Agreements shall relieve the Parties of any of their indemnification or liability obligations contained in the Superseded Agreements for any events occurring prior to the Effective Date of this Agreement.

9.23 Transition of the Regional Transmission Expansion Planning Protocol to a Schedule under the PJM Tariff.

Until the effective date of PJM Tariff provisions accepted by FERC providing that PJM shall prepare the Regional Transmission Expansion Plan in accordance with a Schedule to the PJM Tariff, PJM shall continue to prepare the Regional Transmission Expansion Plan in accordance with Schedule 6 of the PJM Operating Agreement without interruption.

ATTACHMENT A

TO THE CONSOLIDATED

TRANSMISSION OWNERS AGREEMENT

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

American Electric Power Service Corporation on behalf of its affiliate companies: AEP Appalachian Transmission Company, Inc.; AEP Indiana Michigan Transmission Company, Inc.; AEP Kentucky Transmission Company, Inc.; AEP Ohio Transmission Company, Inc.; AEP West Virginia Transmission Company, Inc.; Appalachian 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 (d/b/a Dominion Energy Virginia)

Public Service Electric and Gas Company

PECO Energy Company

PPL Electric Utilities Corporation

Baltimore Gas and Electric Company

Jersey Central Power & Light Company

Potomac Electric Power Company

Atlantic City Electric Company

Delmarva Power & Light Company

UGI Utilities, Inc.

Allegheny Electric Cooperative, Inc.

Essential Power 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

Duke Energy Ohio, Inc.

Duke Energy Kentucky, Inc.

City of Hamilton, OH

Hudson Transmission Partners, LLC

East Kentucky Power Cooperative, Inc.

Mid-Atlantic Interstate Transmission, LLC

Southern Maryland Electric Cooperative, Inc.

Ohio Valley Electric Cooperative

AMP Transmission, LLC

Transource West Virginia, LLC

Silver Run Electric, LLC

NextEra Energy Transmission MidAtlantic Indiana, Inc.

Wabash Valley Power Association, Inc.

Keystone Appalachian Transmission Company

ATTACHMENT B

TO THE CONSOLIDATED TRANSMISSION

OWNERS AGREEMENT

DISPUTE RESOLUTION PROCEDURES

A. Sequential Process for Resolving Disputes

The Parties and PJM shall undertake good-faith negotiations to resolve any dispute as to a matter governed by this Agreement consistent with the following sequential process:

i. Each Party to a dispute ("Dispute Party") and PJM shall designate an executive with authority to resolve the matter in dispute ("Designated Executive") to participate in such discussions. The Designated Executives shall promptly meet and engage in discussions to resolve the matter in dispute.

ii. To the extent such dispute is not resolved pursuant to (i), each Dispute Party shall designate the President of the Dispute Party (as set forth in Attachment A to this Agreement) or other comparable senior executive ("Senior Designated Executive") to meet with the President of PJM to participate in such discussions to resolve the matter in dispute. The Senior Designated Executive(s) and President of PJM shall promptly meet and engage in discussions to resolve the matter in dispute.

iii. Any dispute that has not been resolved through good faith negotiation pursuant to the process set forth in (i), (ii) and (iii) above may be subject to non-binding mediation prior to the initiation of regulatory, judicial, or other dispute resolution proceedings as may be appropriate as provided in Section B of this Dispute Resolution Procedure.

B. Other Disputes.

"Alternate Dispute Resolution Coordinator" shall mean the individual designated by the Parties and PJM. If at any time the position of Alternate Dispute Resolution Coordinator shall become vacant, the Parties and PJM shall promptly designate a replacement.

Initiation. If a dispute that is subject to the mediation procedures specified herein has not been resolved through good-faith negotiation, a party to the dispute shall notify the Alternate Dispute Resolution Coordinator in writing of the existence and nature of the dispute prior to commencing any other form of proceeding for resolution of the dispute. The Alternate Dispute Resolution Coordinator shall have ten calendar days from the date it first receives notification of the existence of a dispute from any of the parties to the dispute in which to distribute to the parties a list of mediators.

Selection of Mediator. The Alternate Dispute Resolution Coordinator shall distribute to the parties to the dispute by electronic means a list containing the names of seven mediators with mediation experience, or with technical or business experience in the electric power industry, or both, as it shall deem appropriate to the dispute. The Alternate Dispute Resolution Coordinator may draw from the lists of mediators maintained by the established dispute resolution committee of an Applicable Regional Entity, as the Alternate Dispute Resolution Coordinator shall deem appropriate. The Alternate Dispute Resolution Coordinator shall distribute the names of all qualified mediators on the Alternate Dispute Resolution Coordinator's list. The persons on the proposed list of mediators shall have no official, financial, or personal conflict of interest with respect to the issues in controversy, unless the interest is fully disclosed in writing to all parties to the dispute in the mediation process and such parties waive in writing any objection to the interest. The parties shall then alternate in striking names from the list with the last name on the list becoming the mediator. The determination of which party shall have the first strike off the list shall be determined by lot. The parties shall have ten calendar days to complete the mediator selection process, unless the time is extended by mutual agreement.

Advisory Mediator. If the Alternate Dispute Resolution Coordinator deems it appropriate, it shall distribute two lists, one containing the names of seven mediators with mediation experience (or a list containing the names of all current mediators in the event of a dispute involving the Office of the Interconnection), and one containing the names of seven mediators with technical or business experience in the electric power industry. In connection with circulating the foregoing lists, the Alternate Dispute Resolution Coordinator shall specify one of the lists as containing the proposed mediators, and the other as a list of proposed advisors to assist the mediator in resolving the dispute. The parties to the dispute shall then utilize the alternative strike procedure set forth above until one name remains on each list, with the last named persons serving as the mediator and advisor.

Mediation Process. The parties to the dispute shall attempt in good faith to resolve their dispute in accordance with procedures and a timetable established by the mediator. In furtherance of the mediation efforts, the mediator may:

a. Require the parties to the dispute to meet for face-to-face discussions, with or without the mediator;

b. Act as an intermediary between the parties to the dispute;

c. Require the parties to the dispute to submit written statements of issues and positions;

d. If requested by the parties to the dispute at any time in the mediation process, provide a written recommendation on resolution of the dispute including, if requested, the assessment by the mediator of the merits of the principal positions being advanced by each of the parties to the dispute; and

e. Adopt, when appropriate, the Center for Public Resources Model ADR Procedures for the Meditation of Business Disputes (as revised from time to time) to the extent such procedures are not inconsistent with any rule, standard, or procedure adopted by the Parties and PJM, or with any provision of this Agreement.

Mediator's Assessment. If a resolution of the dispute is not reached by the thirtieth day after the appointment of the mediator or such later date as may be agreed to by the parties to the dispute, if not previously requested to do so the mediator shall promptly provide the parties to the dispute with a written, confidential, non-binding recommendation on resolution of the dispute, including the assessment by the mediator of the merits of the principal positions being advanced by each of the parties to the dispute. The recommendation may incorporate or append, if and as the mediator may deem appropriate, any recommendations or any assessment of the positions of the parties to the dispute by the advisor, if any. Upon request, the mediator shall provide any additional recommendations or assessments the mediator shall deem appropriate. At a time and place specified by the mediator after delivery of the foregoing recommendation, the parties to the dispute shall meet in a good faith attempt to resolve the dispute in light of the recommendation of the mediator. Each party to the dispute shall be represented at the meeting by a person with authority to settle the dispute, along with such other persons as each party to the dispute shall deem appropriate. If the parties to the dispute are unable to resolve the dispute at or in connection with this meeting, then any party to the dispute may commence such arbitral, judicial, regulatory or other proceedings as may be appropriate as provided in this Dispute Resolution Procedure.

C. Dispute Resolution Privilege.

In accordance with FERC's policy favoring the use of alternative dispute resolution procedures, any statements made by any Dispute Party or PJM in the dispute resolution process set forth in this Attachment B: (i) shall have no further force or effect, (ii) shall not be admissible for any purpose, in any subsequent arbitral, administrative, judicial, or other proceeding and (iii) shall be protected from discovery and otherwise confidential. Dispute resolution communications, including any determination by the mediator, shall not be admissible in accordance with Rule 606 of FERC's Rules of Practice and Procedure, Federal Rules of Evidence, and any other applicable law. All other applicable privileges available to any Dispute Party and PJM through dispute resolution and settlement discussions are also preserved. Such privileged and confidential communications may also be protected by the attorney-client privilege, the attorney-work product doctrine, and the common legal interest doctrine.

D. Reservation of Federal Power Act Rights.

Nothing in this Attachment B is intended to limit the Parties' and PJM's rights to make filings subject to this dispute resolution provision pursuant to Sections 205 or 206 of the Federal Power Act prior to resolution of such dispute.

Attachment C
Changes to the October 26, 2026 Proposed Tariff, Section 9.2 Amendments

9 Regulatory Filings

Nothing contained in the Tariff, any Service Agreement or any Network Operating Agreement shall be construed as affecting in any way the right of the Transmission Provider, or any Transmission Owner with respect to a change in its revenue requirement, to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service, Service Agreement, Network Operating Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Nothing contained in the Tariff, any Service Agreement or any Network Operating Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

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.

9.2 Rights of the Transmission Provider:

(a) (i) PJM shall have the exclusive and unilateral right to file pursuant to Section 205 of the Federal Power Act and the FERC's rules and regulations thereunder to make changes in or relating to the terms and conditions of the PJM Tariff (including but not limited to provisions relating to creditworthiness, billing, and defaults) as well as all charges for recovery of PJM costs. PJM shall not have any Section 205 filing rights with respect to the subject matters described in the first sentence of Section 9.1(a) of this Tariff. PJM shall not have any Section 205 filing rights with respect to the provisions of the PJM Tariff listed in Section 9.1(d) and (e). Notwithstanding the foregoing, PJM shall have Section 205 filing rights to make changes in the PJM Tariff in order to address the Behind The Meter Generation netting rules in accordance with the settlement in FERC Docket No EL05-127-000 approved by the FERC on December 16, 2005, 113 FERC ¶ 61,279.

(ii) In addition to PJM's right provided in Section 9.2(a)(i), to the extent PJM files pursuant to Section 205 to change the PJM Tariff, Attachment DD, Reliability Pricing Model~~, and necessary conforming changes to other sections of the PJM Tariff~~ and the Reliability Assurance Agreement, PJM may also file under Section 205, as provided in Operating Agreement, Section 10.4 (xxiv), an alternate proposal originated by either ~~the Members Committee~~a Member or the Organization of PJM States, Inc. addressing the same subject matter addressed by PJM's filing, as long as PJM has concluded that the proposal will not compromise the safety or reliability of the bulk electric system of the PJM Region. The alternative proposal shall be in accordance with the following:

(A) in the case of an alternate proposal ~~of the Members Committee, PJM may submit~~ originated by a Member:

(1) the alternate proposal ~~so long as~~has been presented to the Members Committee in accordance with the procedures adopted by the Members Committee ~~approves~~ ; and

(2) the alternate proposal is approved by the Members Committee by a two-thirds sector-weighted vote.

~~(A)~~(B) in the case of an alternate proposal ~~of~~originated by the Organization of PJM States, Inc~~., PJM may submit the alternate proposal, as may be modified and approved by the Members Committee, as follows:~~.:

(1) the alternate proposal has been presented to the Members Committee in accordance with the procedures adopted by the Members Committee; ~~(1)~~

~~(1)~~(2) the alternate proposal is ~~adopted pursuant to procedures set forth in~~consistent with a memorandum of understanding between PJM and the Organization of PJM States, Inc. that: (i) memorializes the shared responsibilities and roles between the states and PJM over reliability and resource adequacy; ~~and~~ (ii) ~~is~~has been filed with ~~and accepted by~~ FERC~~,~~; and (iii) is legally effective prior to the proposal originated by the Organization of PJM States, Inc. ~~requesting that PJM file such alternate proposal;~~being approved by the Members Committee; and

~~(2) the alternate proposal has been presented to the Members Committee in accordance with the procedures adopted by the Members Committee; and~~

~~(2)~~(3) ~~(3) the Members Committee approves~~ the alternate proposal is approved by the Members Committee by a two-thirds sector-weighted vote.

If the PJM Board determines that the alternate proposal of the Members Committee or the Organization of PJM States, Inc. would compromise the safety or reliability of the bulk electric system of the PJM Region, PJM shall not submit the alternate proposal to FERC pursuant to Section 205, in which case (a) PJM shall append the alternate proposal to its filing with FERC along with the basis for its determination not to file such alternate proposal and (b) the PJM Board's determination shall be subject to review by FERC.

(iii) In considering any alternate proposal filed pursuant to Section 9.2(a)(ii), FERC will not be required to consider whether the then-existing provisions of PJM Tariff, Attachment DD, Reliability Pricing Model and the Reliability Assurance Agreement are unjust and unreasonable and may accept an alternate proposal submitted pursuant to Section 9.2(a)(ii) if FERC finds the proposal to be just and reasonable and preferable.

(iv) PJM shall not file, pursuant to Section 205, to make changes in or relating to the terms and conditions of PJM Tariff, Schedule 19, section 1.3 unless the proposed changes in or relating to the terms and conditions of PJM Tariff, Schedule 19, section 1.3 receive a two-thirds sector-weighted vote of the Members Committee.

(v) PJM shall exercise its Section 205 filing rights independently, and shall not, in making a filing authorized by Section 9.2(a)(i) or (ii), grant an undue preference to any individual, Member, company, state, or subdivision thereof, provided that filings made pursuant to Section 9.2(a)(ii) shall not be considered a grant of an undue preference to any individual, Member, company, state, or subdivision thereof.

(b) PJM shall consult with the Transmission Owners and the PJM Members Committee beginning no less than seven (7) days in advance of any Section 205 filing under Section 9.2(a), but neither the Transmission Owners, except as provided for in Section 9.3, nor the PJM Members Committee shall have any right to veto or delay any such Section 205 filing. PJM may file with less than a full 7 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 that PJM shall provide as much advance notice and consultation with the Transmission Owners and the PJM Members Committee as is practicable in such circumstances, and no such emergency filing shall be made with less than 24 hours advance notice.

(c) Nothing herein is intended to limit the rights of any Party or other person to oppose such a Section 205 filing pursuant to Section 206 or any other applicable provision of the Federal Power Act or to limit the right of any Party or other person to make filings under Section 206 of the Federal Power Act.

(d) To the extent that PJM desires to add a provision to this Tariff, or to change an existing provision hereof, in accordance with its rights under Section 9.2(a), the Transmission Owners shall have unilateral and exclusive rights to make Section 205 filings with respect to any matters covered by such new or changed provisions relating to the establishment and recovery of the Transmission Owners' transmission revenue requirements, transmission rate design under the PJM Tariff, or any provisions governing the recovery of transmission-related costs incurred by the Transmission

Owners. Prior to making any Section 205 filing covered by Section 9.2(a) that also relates to or affects the establishment and recovery of the Transmission Owners' transmission revenue requirements, the transmission rate design under the PJM Tariff, or any provisions governing the recovery of transmission-related costs incurred by the Transmission Owners, PJM shall provide no less than 45 days notice to the Transmission Owners of the intended filing in sufficient detail to provide them a reasonable opportunity to include appropriate provisions in the PJM Tariff governing these subjects, either through a Section 205 filing by the Transmission Owners pursuant to Section 9.1(a) or approval by the Transmission Owners of the PJM proposal pursuant to Section 8.5.1 of the Consolidated Transmission Owners Agreement.

(e) PJM shall be required to maintain in effect at all times provisions relating to the creditworthiness of all customers under this Tariff that are designed to provide reasonable assurances to the Transmission Owners, consistent with FERC orders and policies applicable to open access transmission services, that such customers will be able to pay for transmission services purchased hereunder. If at any time PJM intends to make a Section 205 filing to change the creditworthiness provisions of this Tariff, it shall provide no less than 30 days advance notice to, and consult with, the Transmission Owners and the PJM Members Committee. In the case of an emergency requiring immediate action, PJM shall not be required to provide 30 days advance notice but shall provide as much advance notice as is practicable in the circumstances, and in no circumstances may PJM make an emergency Section 205 filing without providing at least 24 hours advance notice to the Transmission Owners. PJM shall further maintain at all times in the tariffs under which it recovers its costs comparable provisions, if any, for sharing among PJM members and/or transmission customers any shortfalls in the recovery of its own and the Transmission Owners' costs due to defaults.

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.

9.4 Mobile Sierra:

Sections 9.1 through 9.4 of this Tariff shall be subject to change solely by written amendment executed by PJM and the Transmission Owners, with the Transmission Owners acting by vote in accordance with Section 8.5.1 of the Consolidated Transmission Owners Agreement. It is the intent of this Section 9.4 that the FERC's right to change Sections 9.1 through 9.4 shall be limited to the maximum extent permissible by law and that any such change shall be in accordance with the Mobile-Sierra public interest standard applicable to fixed rate agreements.