CONSOLIDATED TRANSMISSION OWNERS AGREEMENT

RATE SCHEDULE FERC No. 42

Effective Date: 06/12/2013
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 rights and commitments of PJM identified herein.
WITNESSETH:

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:

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
ARTICLE 1 – DEFINITIONS

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

1.1 Administrative Committee

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

1.2 Affiliate or Affiliation

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

1.3 Agreement

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

1.4 Applicable Regional Reliability Council

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

1.4A Attachment H

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

1.5 Control

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

1.6 Control Area

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

1.7 Effective Date

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

1.8 Electric Distributor

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

1.9 FERC

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

1.10 Good Utility Practice

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

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

1.12 Interconnection Customer

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

1.13 Joint Transmission Rate

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

1.14 NERC

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

1.14A Neutral Party

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

1.15 Open Access Same-Time Information System (OASIS)

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

1.16 Operating Agreement

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

1.17 PJM Region

PJM Region shall have the meaning defined in the PJM Tariff.
1.18 **PJM Regional Rate Design**

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

1.19 **PJM Manuals**

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

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

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

1.21 **Rate Design**

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

1.22 **Regional Transmission Expansion Plan**

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

1.23 **Regional Transmission Expansion Planning Protocol**

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

1.24 **Required Transmission Enhancements**

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

1.25 **Regional Transmission Organization (RTO)**

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

1.26 **Transmission Customer**

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

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

1.28 Transmission Owners

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

1.29 Transmission Planned Outage

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

1.30 Transmission System

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

1.31 Weighted Votes

Weighted Votes shall mean the number of votes accorded to each Party, which shall be equal to the net book value, as determined in accordance with FERC’s Uniform System of Accounts, of each Party's Transmission Facilities (expressed in dollars and divided by one million (1,000,000)), as determined on April 1 of each year on the basis of the net book value as of the prior December 31; provided, however, the Weighted Votes of all Parties shall be adjusted in a proportional manner as agreed to by the Administrative Committee so that no Party (together with its Affiliates) shall have more than twenty-four and nine-tenths percent (24.9%) of the sum of the Weighted Votes. The net book value of each Party’s Transmission Facilities shall be determined based on current data filed with FERC in Form No. 1 or 1F or any successor thereto, unless a Party
does not file a Form 1 or 1F in which case, the net book value of a Party’s Transmission
Facilities shall be determined based on a certification from the Party’s independent
auditor submitted to the Administrative Committee by April 1 of each year under oath by
an officer of such Party without any claim of confidentiality. Such certification shall
state specific values for electric transmission plant in service, accumulated depreciation,
and the net book value of Transmission Facilities.

1.32 Zero Revenue Requirement Party

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

1.33 Zone

Zone shall have the meaning defined in the PJM Tariff.

Effective Date: 11/19/2011 - Docket #: ER11-4578-000
ARTICLE 2 – PURPOSES AND OBJECTIVES OF THIS AGREEMENT

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 to the Parties and PJM.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
ARTICLE 3 – PARTICIPATION IN THIS AGREEMENT

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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 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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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 or in the event that all Transmission Owners have withdrawn from this Agreement under Section 3.2.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
ARTICLE 4 – PARTIES’ COMMITMENTS

Each Party agrees to the following commitments and undertakings:

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
4.1 Rights and Responsibilities Transferred to PJM.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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, 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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
4.1.4 Planning Information.

Each party shall transfer to PJM, pursuant to this Agreement and in accordance with the Operating Agreement, the responsibility to prepare a Regional Transmission Expansion Plan and to provide information reasonably requested by PJM to prepare the Regional Transmission Expansion Plan and shall otherwise cooperate with PJM in such preparation.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
4.1.5 Operations Support.

As required by 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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
4.2  Obligation to Build.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
4.2.1

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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
4.2.3

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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-003
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
4.5 Operation and Maintenance.

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

Effective Date: 11/19/2011 - Docket #: ER11-4578-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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:

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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 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 upgrade project.

Effective Date: 4/16/2012 - Docket #: ER12-1095-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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 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 upgrade project.

Effective Date: 4/16/2012 - Docket #: ER12-1095-001
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-00
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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 Agreement.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
4.11 Transmission Facility Ratings.

All Parties shall regularly update and verify Transmission Facility ratings, subject to review and approval by PJM, in accordance with the following procedures and the procedures in the PJM Manuals:

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
4.11.1

Each Party shall verify to the Operations Planning Department (or successor Department) of PJM all of its Transmission Facility ratings two months prior to the beginning of the summer season (i.e., on April 1) and two months prior to the beginning of the winter season (i.e., on October 1) each calendar year, and shall provide detailed data justifying such transmission facility ratings when directed by PJM.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
4.11.2

In addition to the seasonal verification of all ratings, each Party shall submit to the Operations Planning Department (or successor Department) of PJM updates to its Transmission Facility ratings as soon as such Party is aware of any changes. Such Party shall provide PJM with detailed data justifying all such Transmission Facility ratings changes.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
4.11.3

All Parties shall submit to the Operations Planning Department (or successor Department) of PJM formal documentation of any criteria for changing Transmission Facility ratings under specific conditions, including: the detailed conditions under which such procedures will apply, detailed explanations of such criteria, and detailed calculations justifying such pre-established changes to facility ratings. Such criteria must be updated twice each year consistent with the provisions of this section.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
4.11.4

PJM shall maintain a database of all Transmission Facility ratings, and shall review, and may modify or reject, any submitted change to such ratings or any submitted procedure for pre-established changes to such ratings. PJM shall provide notice no later than thirty (30) days after receiving a request for a proposed rating change of the acceptance, denial, or deferral of such change, including a written explanation of the basis for denying or deferring such change if the change is denied or deferred. Any dispute between a Party and PJM concerning Transmission Facility ratings shall be resolved in accordance with Section 9.19 of this Agreement; provided, however, that the rating level determined by PJM shall govern and be effective during the pendency of any such dispute.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
5.2 Facility Rights.

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

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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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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 and the PJM Tariff.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
ARTICLE 6 – PJM’s RIGHTS AND COMMITMENTS

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
6.2 Rights of PJM under this Agreement.

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

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
6.3 **Obligations of PJM under this Agreement.**

PJM shall:

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
6.3.1

Direct the operation and coordinate the maintenance of the Transmission Facilities of the Parties in accordance with: (i) the Operating Agreement; (ii) the PJM Tariff; (iii) Good Utility Practice; and (iv) NERC and Applicable Regional Reliability Council operation and planning standards, principles and guidelines.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
6.3.2

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

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
6.3.3

Administer the Regional Transmission Expansion Planning Protocol and provide related timely reports to the Administrative Committee consistent with the Operating Agreement and the PJM Tariff.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
6.3.4

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 required by the PJM Tariff or Operating Agreement, including the Regional Transmission Expansion Planning Protocol.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
6.3.5

Maintain its status as an RTO.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
6.3.9

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

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
ARTICLE 7 – CHANGES TO RATE DESIGN AND TARIFF TERMS AND CONDITIONS; DISTRIBUTION OF REVENUES

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
7.1 **Individual Transmission Owner Rates.**

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

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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 Zone or outside its 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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
7.1.2  [Reserved for Future Use]

Effective Date: 11/19/2011 - Docket #: ER11-4578-000
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 Zone, which rates and charges are based solely on the costs of the Transmission Facilities of such Party.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
7.1.4

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

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
7.2 PJM Regional Rate Design and Joint Transmission Rates.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
7.3 Filing of Transmission Rates and Rate Design Under Section 205.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

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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).

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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.

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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.

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7.4 Transmission Rate Zone Size.

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

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
7.5.1 Filing of Changes in Terms and Conditions Under Section 205.

(i) 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 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 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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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), a dispute arises as to which Party has Section 205 rights to make such filing, the following procedures shall apply:

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-003
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;

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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;

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 11/19/2011 - Docket #: ER11-4578-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 11/19/2011 - Docket #: ER11-4578-000
7.8 Distribution of Revenues.

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

Effective Date: 11/19/2011 - Docket #: ER11-4578-000
ARTICLE 8 – THE ADMINISTRATIVE COMMITTEE

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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 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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
8.4.3 Quorum.

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

Effective Date: 11/19/2011 - Docket #: ER11-4578-000
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 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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-003
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 11/19/2011 - Docket #: ER11-4578-000
8.5.1 Action by Two-thirds Majority.

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

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

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

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

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

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

Effective Date: 11/19/2011 - Docket #: ER11-4578-000
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; and (b) representatives’ whose combined Weighted Votes exceed one-half of the total Weighted Votes cast at a meeting.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
8.5.3

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

Effective Date: 11/19/2011 - Docket #: ER11-4578-000
8.5.4

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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
ARTICLE 9 – OTHER MATTERS

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
9.2 No Third-party Beneficiaries.

This Agreement is intended to be solely for the benefit of the Parties 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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
9.7  Default and Waiver

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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 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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
9.8 Indemnification.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
9.14 Representations and Warranties.

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

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
9.14.1

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

Effective Date: 11/19/2011 - Docket #: ER11-4578-000
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

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
9.15 Confidentiality

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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 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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
9.16 Severability and Renegotiation

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
9.17 Insurance.

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

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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, the Party and PJM shall follow the dispute resolution procedures set forth in the dispute resolution procedures provided as Schedule 5 to the Operating Agreement.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
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.

Effective Date: 9/17/2010 - Docket #: ER10-2713-000
ATTACHMENT A

TO THE CONSOLIDATED

TRANSMISSION OWNERS AGREEMENT

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


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

Dayton Power and Light Company

Virginia Electric and Power Company (Dominion Virginia Power)

Public Service Electric and Gas Company

PECO Energy Company

PPL Electric Utilities Corporation

Baltimore Gas and Electric Company

Jersey Central Power & Light Company

Metropolitan Edison Company

Pennsylvania Electric Company

Potomac Electric Power Company

Atlantic City Electric Company

Delmarva Power & Light Company

UGI Utilities, Inc.

Allegheny Electric Cooperative, Inc.
CED Rock Springs, LLC
Old Dominion Electric Cooperative
Rockland Electric Company
Duquesne Light Company
Neptune Regional Transmission System, LLC
Trans-Allegheny Interstate Line Company
Linden VFT, LLC
American Transmission Systems, Incorporated
City of Cleveland, Department of Public Utilities, Division of Cleveland Public Power
Duke Energy Ohio, Inc.
Duke Energy Kentucky, Inc.
City of Hamilton, OH
Hudson Transmission Partners, LLC
East Kentucky Power Cooperative, Inc.
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

PJM Interconnection, L.L.C.

By: _________________________________
Name: Phillip G. Harris
Title: President and CEO
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

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

By: _____________________________
Name: James R. Haney
Title: Vice President
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

American Electric Power Service Corporation

By: ________________________________
Name: 
Title: 
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

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

By: ________________________________
Name: Susan Ivey
    Title: Vice President, Transmission Operations and Planning, Exelon Corporation
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

The Dayton Power and Light Company

By: ___________________________________
Name: Patricia K. Swanke
Title:  Vice President - Operations
Date:  December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Virginia Electric and Power Company (Dominion Virginia Power)

By: __________________________________________
Name: Gary L. Sypolt
Title:  President – Dominion Transmission
Date:  December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Public Service Electric and Gas Company

By: _________________________________
Name: Ralph LaRossa
Title: Vice President - Electric Delivery
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Exelon Corporation on behalf of its subsidiary
PECO Energy Company

By: ________________________________
Name: Susan Ivey
Title: Vice President, Transmission Operations and Planning, Exelon Corporation
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

PPL Electric Utilities Corporation

By: ______________________________________
Name: John F. Sipics
Title: President
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Baltimore Gas and Electric Company

By: ________________________________
Name: Mark P. Huston
Title: Vice President, Electric Transmission and Distribution
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Jersey Central Power & Light Company

By: _______________________________
Name: Stanley F. Szwed
Title:  Vice President – Energy Delivery Policy
       First Energy Service Company
Date:  December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Metropolitan Edison Company

By: _____________________________
Name: Stanley F. Szwed
Title: Vice President – Energy Delivery Policy
       First Energy Service Company
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Pennsylvania Electric Company

By: __________________________________________
Name: Stanley F. Szwed
Title: Vice President – Energy Delivery Policy
       First Energy Service Company
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Potomac Electric Power Company

By: ____________________________
Name: David M. Valazquez
Title: Vice President, Pepco Holdings, Inc.
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Atlantic City Electric Company

By: ________________________________
Name: David M. Valazquez
Title: Vice President, Pepco Holdings, Inc.
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Delmarva Power & Light Company

By:_________________________________
Name: David M. Valazquez
Title: Vice President, Pepco Holdings, Inc.
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

UGI Utilities, Inc.

By: ______________________________________
Name: Richard E. Gill
Title: Assistant Secretary - Electric Transmission
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to
be executed by their duly authorized representatives.

CED Rock Springs, LLC

By: ________________________________
Name: 
Title: 
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Old Dominion Electric Cooperative

By: ________________________________
Name: 
Title: 
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Rockland Electric Company

By: ________________________________
Name:
Title:
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Duquesne Light Company

By: __________________________________________
Name:  
Title:  
Date:  December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Allegheny Electric Cooperative, Inc.

By: _________________________________
Name: Richard W. Osborne
Title: Vice President Power Supply & Engineering
Date: December 15, 2005
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Neptune Regional Transmission System, LLC

By: _________________________________
Name: Edward M. Stern
Title:  CEO
Date:  March 7, 2007
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Trans-Allegheny Interstate Line Company

By: _________________________________
Name: James R. Haney
Title: Vice President
Date: November 8, 2007
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Linden VFT, LLC

By: _________________________________
Name:  Andrew J. Keleman
Title:    Authorized Representative
Date:     April 1, 2009
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

American Transmission Systems, Incorporated

By: _________________________________
Name: Richard R. Grigg
Title: President
Date: December 17, 2009
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

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

By: ________________________________
Name: Barry A. Withers
Title: Director
Date: March 22, 2011
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Duke Energy Ohio, Inc.

By: ________________________________
Name: Julia S. Janson
Title: President
Date: September 27, 2011
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Duke Energy Kentucky, Inc.

By: ______________________________
Name: Julia S. Janson
Title: President
Date: September 27, 2011
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

City of Hamilton, OH

By: ____________________________
Name: Joshua A. Smith
Title: City Manager
Date: February 29, 2012
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

Hudson Transmission Partners, L.L.C.

By: _________________________________
Name: Jeffrey T. Wood
Title: Senior Vice President
Date: February 8, 2013
IN WITNESS WHEREOF, the Parties and PJM have caused this Agreement to be executed by their duly authorized representatives.

East Kentucky Power Cooperative, Inc.

By: ________________________________
Name: Anthony S. Campbell
Title: President & CEO
Date: March 26, 2013

Effective Date: 6/1/2013 - Docket #: ER13-1178-000