



Manu Asthana
President & CEO
610.666.2232
Manu.asthana@pjm.com

PJM Interconnection, L.L.C.
2750 Monroe Blvd
Audubon, PA 19403

January 5, 2021

Dear Identified Members:

Thank you for your letters dated November 12, 2020 (LS Power Letter) and December 4, 2020 (TO Response Letter) expressing your opinions related to the solution-based distribution factor analyses for End of Life (EOL) Supplemental Projects proposed through the PJM Tariff, Attachment M-3 process, including the attendant discussion regarding cost allocation.

As you are aware, the Commission has now ruled on both the Transmission Owners' revisions to Attachment M-3 to explicitly include EOL needs (those not addressed by a Transmission Owner's Form No. 715 report) in their Tariff, Attachment M-3 planning process, and the Joint Stakeholders Proposal (JSP) to amend the Operating Agreement, Schedule 6 planning process (JSP Revisions).

In the Attachment M-3 Orders, the Commission reaffirmed that PJM can exercise only those rights transferred to it by the PJM Transmission Owners pursuant to the Consolidated Transmission Owners Agreement (CTOA). As such, the PJM Members cannot direct PJM, through changes to the PJM Operating Agreement, to conduct activities regarding Transmission Owner facilities not authorized by the PJM Transmission Owners in the CTOA.

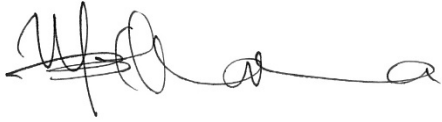
The Commission further explained that, while the PJM Transmission Owners transferred to PJM the responsibility to prepare a Regional Transmission Expansion Plan (RTEP) for the expansion and enhancement of transmission facilities, the Transmission Owners retained the authority for asset management activities and EOL Supplemental Projects. In the recent JSP Order, the Commission also determined that the JSP Revisions go beyond the scope of planning responsibilities delegated to PJM.

The LS Power Letter requests that PJM perform additional analysis related to cost allocation for each proposed EOL high voltage project. While the Commission determined that cost allocation concerns were outside the scope of the M-3 proceeding, the issue is effectively addressed by the Commission's determination in its recent orders -- PJM's authority is limited to the rights transferred to PJM by the PJM Transmission Owners in the CTOA. The PJM Transmission Owners have reserved their authority over transmission rate design and cost allocation (including the allocation of costs of asset management activities and EOL Supplemental Projects).

Given these facts, PJM believes that performing the requested additional analysis on EOL projects as a matter of course is not a productive exercise at this time.

I appreciate your thoughtful engagement on these important issues.

Sincerely,

A handwritten signature in black ink, appearing to read 'Manu Asthana', with a long horizontal flourish extending to the right.

Manu Asthana
President & CEO

Attachment (Identified Members)

Identified Members

LS Power

Indicated PJM Transmission Owners:

American Electric Power Service Corporation on behalf of its affiliates, Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, Wheeling Power Company, AEP Appalachian Transmission Company, Inc., AEP Indiana Michigan Transmission Company, Inc., AEP Kentucky Transmission Company, Inc., AEP Ohio Transmission Company, Inc., and AEP West Virginia Transmission Company, Inc.

The Dayton Power and Light Company

Duke Energy Business Services, LLC on behalf of Duke Energy Ohio, Inc. and Duke Energy Kentucky, Inc.

Duquesne Light Company

East Kentucky Power Cooperative, Inc.

Exelon Corporation

FirstEnergy Service Company, on behalf of its transmission owning affiliates, including Jersey Central Power & Light Company, Mid-Atlantic Interstate Transmission, LLC, Monongahela Power Company, The Potomac Edison Company, West Penn Power Company, Trans-Allegheny Interstate Line Company and American Transmission Systems, Incorporated.

PPL Electric Utilities Corporation

Public Service Electric & Gas Company

Rockland Electric Company

UGI Utilities Inc.

Virginia Electric and Power Company dba Dominion Energy Virginia