



April 7, 2015

Paul McGlynn
Senior Director, System Planning
PJM Interconnection, L.L.C.
955 Jefferson Avenue
Norristown, PA 19403-2497

Re: PJM Recommended Project Solution and Developer for Window #2 (Pratts Area)

Dear Paul:

John Kopinski and I appreciated the opportunity to meet with you in Wilmington to raise ITC's concerns regarding PJM's recommendation at the February 12 Transmission Expansion Advisory Committee (TEAC) meeting to advance the Dominion / First Energy project proposal for the 2014 Regional Transmission Expansion Plan (RTEP) Window #2 – Pratts Area issues. As discussed at our meeting, we feel that good cause exists for PJM to reconsider and fully evaluate the ITC proposal to resolve the Window #2 Pratts Area issues, and to compare the ITC proposal with the nearly identical Dominion / FirstEnergy proposal. Without such an evaluation, PJM's recommendation of the Dominion / First Energy proposal is premature, since ITC's proposed project solution for the Window #2 Pratts Area issues contained all of the same major elements as the recommended proposal, but was eliminated from evaluation for purposefully leaving a violation unsolved – a violation which ITC felt was necessarily addressed by the incumbent transmission owner.

Currently, upon receipt of multiple overlapping project solutions, PJM evaluates the efficacy of solutions to resolve all of the posted system violations for the solicitation window, either as groups of issues or individual issues. In many instances, the incumbent Transmission Owner has unique visibility into the thermal limiting element(s) for a facility with an identified violation. This visibility gives the incumbent a distinct advantage in determining what upgrades to existing facilities will be the best solution to mitigate the violation(s), and at what cost. Furthermore, upgrades to existing facilities are going to be assigned to the incumbent transmission owner, regardless of the genesis for the project, due to the specific rules that govern competitive solicitations.

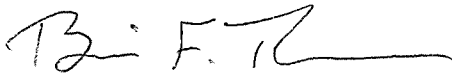
For the Window #2 Pratts Area issues, PJM rejected both incumbent and non-incumbent developer proposals, including ITC's, which relied on the incumbent Transmission Owner to separately address the 115kV thermal overloads for the Mount Run to Mitchell circuit (in addition to the construction of new greenfield facilities). However, as predicted by ITC in its proposal, an incumbent upgrade of the Mount Run to Mitchell facility turned out to be the most cost-effective solution – and was indeed PJM's recommendation to mitigate the Mount Run to Mitchell overloads. It seems illogical to dismiss a proposal such as ITC's for requiring the incumbent transmission owner to effect a system upgrade when, even if ITC knew which limiting element to suggest for replacement, the incumbent transmission owner would still need to perform the upgrade.

PJM has asserted that it may evaluate proposed project solutions individually or in combination with other proposals. Given this prerogative, PJM should have considered, and evaluated separately, an incumbent upgrade solution for the Mount Run to Mitchell 115kV overload, while allowing developers to propose unique solutions for the remainder of the Pratts area violations. Instead, PJM chose to require that Window #2 proposals address all of the Pratts Area issues – including issues into which only the incumbent Transmission Owner had visibility, and could solve cost-effectively. This decision caused ITC's proposal to be inappropriately eliminated from consideration.

To resolve this issue equitably, and ensure the evaluation of proposals on an even playing field, we request that PJM perform additional analysis to compare the ITC proposal with the Dominion / FirstEnergy proposal before making a recommendation to the PJM Board. ITC would appreciate knowing PJM's intentions regarding the evaluation and its outcome. If at all possible, ITC would like to know this information in advance of the Board meeting where the final recommendation will be made, with sufficient time to consider PJM's request and plan for additional follow-up actions (three weeks would be our preference). Going forward, ITC requests that PJM implement the evaluation process to appropriately consider proposals that address any combination of posted issues within a solicitation window.

Thank you very much for your consideration of ITC's concerns with the evaluation process to date, and of this request to fully analyze ITC's proposal to resolve the Pratts Area issues. ITC looks forward to continued work with PJM staff and stakeholders to further improve the regional planning and competitive solicitation processes.

Sincerely,



Brian Thumm
Director, Regional Planning