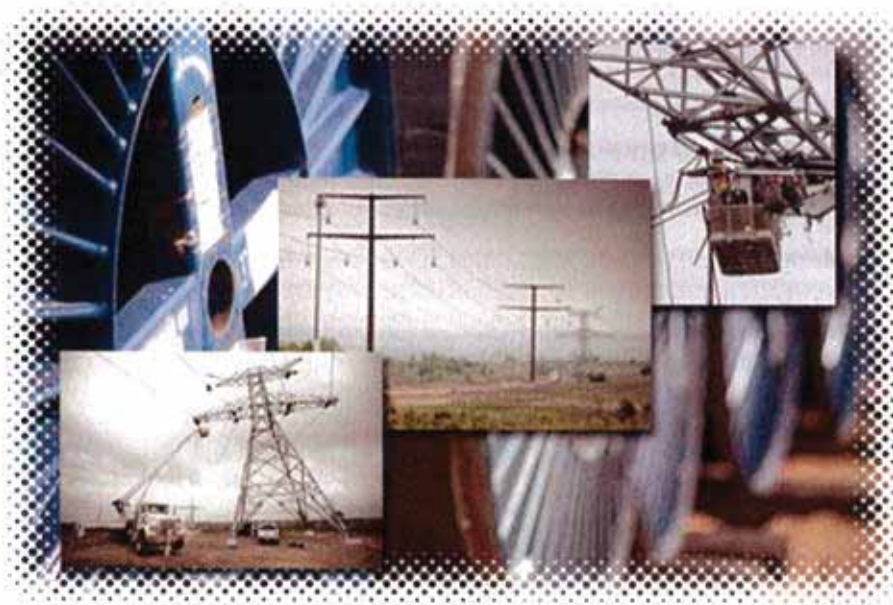


NORTHEAST TRANSMISSION DEVELOPMENT

a Member of the LS Power Group

CROWS RUN



In Response to the:

PJM RTEP – 2014 Project Proposal Window 1

July 28, 2014

NORTHEAST TRANSMISSION DEVELOPMENT

TABLE OF CONTENTS

A. Executive Summary.....	1
B. Company Evaluation Information.....	2
1. Project-Applicable Experience and Qualifications.....	3
a. Cross Texas Transmission.....	3
b. ON Line / Southwest Intertie Project.....	6
c. Right-of-Way Procurement Experience.....	9
d. Project Cost and Schedule Management Experience.....	9
e. Financial Capability.....	10
f. Additional LS Power Experience.....	12
g. Cost Commitment.....	13
C. Proposed Project Constructability Information.....	14
1. Component Scope.....	14
a. Crows Run 500/138 kV Substation.....	14
b. 500/138 kV Transmission Improvements.....	16
c. Project Merits.....	17
d. Project One-line Diagram.....	17
e. Environmental, Permitting and Land Acquisition.....	18
2. Project Component Cost Estimates.....	23
3. Schedule.....	23
4. On-going Transmission Facility Items.....	25
a. Operational Plan.....	25
b. Maintenance Plan.....	25
5. Assumptions.....	25

NORTHEAST TRANSMISSION DEVELOPMENT

APPENDICES

Appendix A – Representative Substation Location

Appendix B – Component Cost Estimate

Appendix C – Organizational Structure Chart

Appendix D – Letter of Intent

NORTHEAST TRANSMISSION DEVELOPMENT

A. EXECUTIVE SUMMARY

Northeast Transmission Development, LLC (“NTD”), a member of the LS Power Group (“LS Power”)¹ is pleased to present Crows Run (the “Project”) to resolve potential reliability criteria violations identified by PJM.

The Project consists of a new Crows Run 500/138 kV substation connecting the Wylie Ridge to Cranberry 500 kV transmission line to the Wolfe Run to Legionville and Valley to Crescent 138 kV transmission lines through a new 500/138 kV transformer. The Project has an estimated capital cost of approximately \$50.1 million and can be placed in service in advance of the identified need.

NTD has performed a feasibility analysis for the Project; defined technical, cost and schedule parameters; and determined the merits. After conducting a detailed technical analysis, NTD determined that the Project resolves potential reliability criteria violations for the Crescent 345/138 kV transformer.

NTD, as a pre-qualified Designated Entity, has demonstrated its capability to develop, finance, construct, own and operate large scale power projects, including high-voltage transmission projects. LS Power has a strong track record of success throughout the United States, including significant generation experience and the successful development, construction, and operation of hundreds of miles of high-voltage transmission. Among its broad nationwide experience, LS Power has substantial Project-applicable experience – including PJM experience totaling over 4,000 MW of generation in operation or under construction and more than 2,000 MW of generation under development.

Based on the work already completed as well as LS Power’s extensive experience, NTD is uniquely positioned to successfully complete the Project and provide the PJM system enhancement for the benefit of electricity consumers within PJM.

NTD has been pre-qualified for Designated Entity status by the Office of Interconnection. NTD’s pre-qualification information on record with PJM and as posted on PJM’s website reflects NTD’s current qualifications for Designated Entity status (pre-qualification ID is 13-06). NTD seeks to be the Designated Entity for the Project, designated by PJM to develop, construct, own, operate, maintain, and finance the Project.

¹ Located at 400 Chesterfield Center, Suite 110, St. Louis, MO 63017

NORTHEAST TRANSMISSION DEVELOPMENT

B. COMPANY EVALUATION INFORMATION

Northeast Transmission Development is a member of the LS Power Group. LS Power is an experienced developer of large-scale energy projects, including several transmission projects. Since 1990, LS Power has had the technical and engineering capability to develop, own and/or operate over 30,000 MW of power generation facilities and two large high-voltage (345 kV and 500 kV) transmission projects totaling over 700 circuit-miles. *Figure 1* provides an overview of the national footprint of LS Power Group's experience.



Figure 1 – LS Power Experience

LS Power currently has operating assets and development projects within PJM in Delaware, Illinois, Kentucky, New Jersey, Pennsylvania and Virginia. LS Power currently has over 4,000 MW of generation in operation or under construction within PJM, as well as over 2,000 MW of generation under development in PJM.

NORTHEAST TRANSMISSION DEVELOPMENT

1. Project-Applicable Experience and Qualifications

LS Power has experience in developing, owning and operating transmission facilities both as a non-incumbent transmission developer and an aspect of its generation facilities. LS Power has found that its expertise in the development of power generation facilities translates well to the development of large-scale transmission facilities. LS Power initiated its transmission development efforts in 2005 with the Southwest Intertie Project in Nevada and Idaho. A portion of this project was later renamed One Nevada Transmission Line (“ON Line”) and is currently in service. In 2009, Cross Texas Transmission (“Cross Texas”), an LS Power entity, was selected by the Public Utility Commission of Texas (“PUCT”) as one of the best qualified new entrants for designation for construction of new transmission facilities; specifically, the PUCT determined that the LS Power entity was one of the new entrants that “possess the current and expected capabilities to adequately finance, license, construct, operate, and maintain the facilities in the most beneficial and cost-effective manner.” Both of these projects, totaling more than 700 circuit miles of new transmission lines, began construction in 2011 and both are currently energized. *Table 1* provides an overview of some of the transmission facility experience of LS Power.

Table 1 – LS Power Transmission Experience

Project	Location	Voltage (kV)	Length (miles)	Permitting & Development	Construction Management	Operations Management	Currently Owned
Cross Texas Transmission	ERCOT	345	240	✓	✓	✓	✓
ON Line	WECC	500	235	✓	✓		✓
Southwest Intertie Project (Phase 2)	WECC	500	260	✓			✓
Harquahala Gen-tie	WECC	500	22			✓	
Blythe Private Line	WECC	230	67			✓	
Other Generation Interconnections	PJM, WECC, MISO	Various	Various	✓	✓	✓	✓

a. Cross Texas Transmission

Cross Texas, a subsidiary of LS Power, is a rate-regulated Texas public utility operating within the Electric Reliability Council of Texas (“ERCOT”). Cross Texas was selected in early 2009 by the PUCT to construct, operate and maintain a portion of the Competitive Renewable Energy Zone (“CREZ”) Transmission Plan to enable the delivery of renewable resources. The transmission service providers were selected through a competitive process including incumbent utilities and new entrants. More recently, Cross Texas was selected to construct a new transmission line in the vicinity of College Station, TX. The Cross Texas proposal was selected by ERCOT as the best solution to solve the existing transmission constraints in this region of ERCOT.

NORTHEAST TRANSMISSION DEVELOPMENT

The Cross Texas facilities consist of approximately 240 miles of double-circuit 345 kV transmission lines and associated equipment, including two new substations and a series compensation station, located in a seven-county area in the Texas Panhandle with an estimated capital cost of approximately \$470 million. The Cross Texas facilities are primarily comprised of the Gray to Tesla 345 kV transmission line, the Gray to Alibates 345 kV transmission line, the Tule Canyon to Cross 345 kV transmission line and the Cross to Tesla 345 kV transmission line, the Gray Substation, Railhead Substation and the Cross Series Compensation Station. Additionally, Cross Texas is processing interconnection requests for several generation interconnection customers and is currently expanding some of their existing facilities to connect additional power generation to its system. As previously mentioned, Cross Texas is in the early stages of development of a new 60 to 70 mile double circuit 345kV line in the vicinity of College Station, TX.

Cross Texas conducted extensive community outreach, obtained routing approval from the PUCT, completed engineering and executed procurement and construction contracts for the project. Cross Texas was able to reach settlement in all three of its Certificate of Convenience and Necessity proceedings, where accommodations were reached with all intervening parties (73 total interveners) on acceptable routes. These intervening parties included landowners, utilities, PUCT Staff and the Texas Parks and Wildlife Department.

In 2010 and 2011, Cross Texas obtained the following final and non-appealable permits and approvals required for construction of 240 miles of double-circuit 345 kV transmission lines and associated facilities:

- PUCT Certificate of Convenience and Necessity;
- Texas General Land Office approvals for crossing submerged land;
- Nationwide Permit 12 (Federal Clean Water Act Section 404 Permit approval);
- Informal Consultations with US Fish and Wildlife and Texas Parks and Wildlife Department;
- Federal Aviation Administration No Hazard Determination;
- Texas Historical Commission Approval;
- Texas State Highway Crossing Approval; and
- Various Electric Utility and Pipeline Crossings Approvals.

In addition, Cross Texas obtained project financing legal opinions that Cross Texas had appropriately identified and obtained the necessary development permits appropriate for the planning and construction phase of the Cross Texas facilities. Cross Texas closed on its construction financing in July 2011, acquired right-of-way from over 300 landowners, and has completed construction of its facilities – on-schedule and under-budget. Notably, Cross Texas was the only CREZ participant to complete construction of its transmission line facilities under the cost estimate provided by ERCOT.

The following is a representative list of major contractors, consultants and suppliers utilized for the Cross Texas transmission projects. In addition to its internal resources, LS Power has established strong

NORTHEAST TRANSMISSION DEVELOPMENT

working relationships with these contractors, consultants, and suppliers, which provided additional technical and engineering support for the Project.

Cross Texas has staff in Amarillo, Texas and Austin, Texas with support from LS Power corporate support services employees in other offices. Operations and maintenance is conducted by Cross Texas staff with the support of third party contractors. Zachry Industrial, Inc. provides inspection and emergency response services and South Texas Electric Cooperative provides real-time operations and control services. Cross Texas also has agreements with other major transmission line contractors for additional emergency response support if necessary. Cross Texas is currently registered with NERC as a Transmission Planner and had no findings of non-compliance in its initial audit. Cross Texas is registered with North American Electric Reliability Corporation ("NERC") as a Transmission Owner and Transmission Planner and successfully completed its initial audit with no adverse findings. Cross Texas is currently completing construction of its own real time operations center in Austin, TX and expects this facility to be operational in the Fall of 2014. CTT has hired all qualified staff needed to operate and support these facilities. The key personnel have an average of over 25 years of operating and compliance experience in ERCOT and other RTOs in North America.

From a broader regulatory perspective, Cross Texas established its Code of Conduct in accordance with the Texas public utility regulatory requirements in 2009. Consistent with its Code of Conduct, LS Power has established separate, secure space for Cross Texas operations, maintains independent books and

NORTHEAST TRANSMISSION DEVELOPMENT

records and conducts regular training of all company employees regarding the Code of Conduct and its requirements. LS Power also ensures compliance with the FERC Standards of Conduct for transmission related businesses outside of ERCOT.

In addition to confirming LS Power's ability to develop, construct, operate and maintain transmission facilities, the success of Cross Texas demonstrates LS Power's ability to do so in a highly cost effective manner. *Table 2* illustrates current estimates reported to the PUCT for the installed cost per mile of all double-circuit 345 kV CREZ transmission lines currently under construction by similarly situated utilities.

Table 2 - CREZ Capital Costs by Participant

Transmission Service Provider	Capital Cost for Double-Circuit 345 kV (\$/Mile)
Cross Texas Transmission (LS Power affiliate)	\$1,570,000
Oncor	\$1,640,000
Lone Star (NextEra affiliate)	\$1,720,000
Wind Energy Transmission Texas (Brookfield / Isolux affiliate)	\$1,900,000
Electric Transmission Texas (AEP / MidAmerican affiliate)	\$ 1,990,000
Sharyland	\$ 2,010,000
Lower Colorado River Authority	\$ 2,290,000

Based on values reported in CREZ Progress Report No. 11 (April 2013 Update)
Prepared by RS&H for the Public Utility Commission of Texas

b. ON Line / Southwest Intertie Project

LS Power began its development of large-scale transmission facilities in 2005 with the Southwest Intertie Project ("SWIP"). The SWIP is a 500 kV transmission line traversing approximately 570 miles from southern Idaho to southern Nevada that is expected to have a Western Electricity Coordinating Council-approved path rating of approximately 2,000 MW. The SWIP is being developed in two phases.

The first phase, the One Nevada Transmission Line or ON Line, consists of approximately 235 miles of single-circuit 500 kV overhead transmission and associated transmission facilities that began commercial operations on January 1, 2014. The ON Line is jointly-owned with NV Energy, with LS Power affiliate Great Basin Transmission South, LLC (Great Basin) owning 75%. The project connects the Harry Allen Substation (Nevada Power Company) north of Las Vegas with the newly constructed 500 kV Robinson Summit Substation located near Ely, Nevada. Robinson Summit also interconnects with the existing NV Energy (Sierra Pacific Power Co.) Falcon-Gonder 345 kV line and includes two 600 MVA 345 kV phase-shifting transformers. One phase-shifting transformer connects the newly reconfigured Falcon-Robinson Summit 345 kV line and the other connects the Robinson Summit-Gonder 345 kV line. Both the 500 kV and 345 kV yards are a breaker and a half configuration. This substation encompasses an area of approximately 77 acres with spacing designed to accommodate an ultimate build out of up to seven 500 kV line positions and up to nine 345 kV line positions. The majority of the line uses tubular steel guyed-

NORTHEAST TRANSMISSION DEVELOPMENT

V structures to minimize impacts to certain species of concern, while self-supporting steel poles, steel lattice and steel H-frame structures are used for heavy angles or dead-end structures.

The ON Line project enables the development of numerous renewable energy projects in Nevada, connects NV Energy's two main service areas (Nevada Power Company and Sierra Pacific Power Co.) for the first time and enhances the overall energy-sharing efficiencies for NV Energy's power generation resources.

LS Power obtained all required right-of-way grants and private easements as well as acquisition of all major permits and approvals required for construction, which include NEPA review, Bureau of Land Management ("BLM") Right-of-Way Grant, Endangered Species Act consultation and approval of a detailed Construction, Operation and Maintenance Plan by the BLM. The NEPA review was prepared by BLM as the lead agency, with the involvement of the Forest Service, National Park Service, Bureau of Indian Affairs, and Bureau of Reclamation as cooperating agencies.

In August 2010, Great Basin Transmission and NV Energy entered into a Transmission Use and Capacity Exchange Agreement (TUA). The TUA was approved by the Public Utilities Commission of Nevada and the Federal Energy Regulatory Commission. ON Line demonstrates LS Power's ability to develop and construct 500 kV transmission facilities and work cooperatively with incumbent transmission owners to the benefit of all project participants.

In February 2011, Great Basin arranged construction financing for its ownership in ON Line, in part through participation in the DOE's Loan Guarantee Program. In order to qualify for the program, DOE completed extensive due diligence on LS Power's development, construction and operating capabilities and the project permits and arrangements.

ON Line consists of approximately 850 transmission structures, nearly 11 million feet of conductor and 25 million pounds of steel. LS Power competitively sourced and negotiated equipment and material supply contracts and construction contracts to ensure competitive pricing. POWER Engineers, Great Basin's engineer, procurement agent, and construction manager, assisted in developing and reviewing the proposed technical and commercial terms to ensure all terms were reasonable and appropriate, resulting in cost-effective and reliable performance by the contractors and suppliers. Under the TUA, NV Energy is providing all O&M services for ON Line.

The following is a representative list of major contractors, consultants and suppliers utilized for the ON Line. In addition to its internal resources, LS Power has established strong working relationships with these contractors, consultants, and suppliers, which may provide additional technical and engineering support for the Project.

NORTHEAST TRANSMISSION DEVELOPMENT

Construction of ON Line was completed in 2013 and is currently energized. Despite the discovery during construction of a transmission structure design issue beyond Great Basin’s control, the final project cost was within 2% of the budget estimation at the time of financing. This demonstrates LS Power’s ability to react at any project stage to dynamic conditions to meet project goals. In spite of these unforeseen circumstances, ON Line cost per mile is significantly less than similar high-voltage transmission projects in the same region during the same period, as shown in *Table 3*.

Table 3 - Recent Transmission Projects in the Western U.S.

Transmission Service Provider	Approximate Length (miles)	Capital Cost (\$MM/mile)
ON Line 500 kV (LS Power, NV Energy)	235	\$2.3
Pinal Central-Tortolita 500 kV (Tucson Electric Power)	40	\$2.7
Mona-Aquirrh 345/500 kV (MidAmerican)	100	\$4.4
Devers-Colorado River (Edison)	153	\$4.6
Populus-Terminal 345 kV (MidAmerican)	135	\$6.1
Tehachapi (1-3) (Edison)	82	\$7.3
Tehachapi (4-11) [Above Ground Portion Only] (Edison)	173	\$11.2
Sunrise [Above Ground Portion Only] (Edison)	112	\$13.6

Information taken from project websites, other sources

NORTHEAST TRANSMISSION DEVELOPMENT

In addition to its success with ON Line, LS Power affiliates have obtained permits for construction of the majority of Phase 2 of SWIP, which is comprised of two components: (i) SWIP North, which will run approximately 275 miles from the Midpoint substation near Twin Falls, Idaho to the Robinson Summit substation near Ely, Nevada; and (ii) a 60-mile southern portion known as the Southern Nevada Intertie Project (SNIP) which will run from the Harry Allen substation to the Eldorado substation both near Las Vegas, NV. Federal National Environmental Protection Act ("NEPA") review has been completed for SWIP North the final NEPA Decision for SNIP is expected in 2014.

c. Right-of-Way Procurement Experience

Cross Texas obtained approximately 240 miles of transmission line rights-of-way, predominantly on private lands over the past several years. This required applying for and receiving three Certificates of Public Convenience and Necessity from the PUCT. To initiate the process, Cross Texas completed routing studies and identified preferred and alternative routes, held a dozen public meetings, provided landowner notification, and negotiated provisions to minimize impacts on landowners. Cross Texas provided notices to over 1,450 stakeholders, and acquired over 300 easements.

For the ON Line and Southwest Intertie Project, LS Power affiliates have secured approximately 515 miles of rights-of-way, including approximately 456 miles on Federal lands. The ON Line right-of-way is entirely located on BLM lands except for one segment of privately owned land. Obtaining right-of-way on Federal land required compliance with NEPA and a full environmental review and BLM Decision Record on the full length of the 235-mile transmission line. LS Power developed a comprehensive Construction Operation and Maintenance Plan, which detailed the specific location of all towers in the field, along with all project disturbances during construction, operation and maintenance, including construction laydown, tensioning sites, etc. and required cultural, biological resource investigation of all affected areas and identification of best management practices and all methods to ensure compliance with the provisions of the projects approval. In addition to the Federal land right-of-ways, LS Power has negotiated easements with private landowners on a mutually agreeable basis.

LS Power successfully acquired the real estate for all of its generation projects, which has included real estate for dozens of project sites and over 120 miles of linear infrastructure including transmission lines, rail lines, gas pipelines and water pipelines easements. For these competitive generation projects, the rights-of-way were negotiated with landowners without the ability to use eminent domain.

d. Project Cost and Schedule Management Experience

LS Power has successfully managed the development and construction of 15 large-scale power generation and transmission projects representing over \$8 billion in invested capital. Over the past few years, LS Power has been managing the construction of four power generation projects and two transmission projects totaling approximately \$5 billion in invested capital. Four of these projects have been placed in service within the past year, with the remainder scheduled to be in service later in 2014.

LS Power employs a detail-oriented and hands-on philosophy to all of its development, construction and asset management activities. LS Power employees directly oversee all project development activities

NORTHEAST TRANSMISSION DEVELOPMENT

including siting, permitting, community relations, real estate acquisition, engineering, and contracting. LS Power self performs a considerable amount of the development activities, while managing consulting firms for portions of the work that are specialized (e.g. surveying, environmental studies).

LS Power has used both an owner-managed and a lump sum, turn-key approach for the detailed engineering, procurement, and construction of its projects. In either case, LS Power performs its own construction management; directly overseeing the contractors to ensure compliance with the cost, schedule, and design of the project. LS Power will have a dedicated project director, on-site construction managers and inspectors, and its entire support team available to assist in managing the various scopes of construction to ensure performance. LS Power does not accept completion of a facility from a construction contractor until it has been confirmed that all requirements have been met.

e. Financial Capability

LS Power's financial position has long been considered one of its strengths, and it is highly respected within the financial community. Since 2005, LS Power has raised more than \$25 billion in debt and equity for project financing, acquisitions or investment purposes within the power sector. The common feature of all these financings is that a subsidiary created by LS Power raises the capital required to construct, acquire, and/or operate a power-related business, with equity support and asset management services provided by LS Power. Every LS Power sponsored project that has been taken to the financing community has been successfully financed. *Figure 2* provides an overview of the financing activity undertaken by the LS Power Group since 2005.

NORTHEAST TRANSMISSION DEVELOPMENT

Each LS Power developed project has been financed on the basis of a strong structure which includes project permits, real estate rights, and project documents such as long-term off-take contracts. LS Power has successfully developed power generation and transmission facilities throughout the United States and been able to satisfy the credit requirements of numerous investor owned utilities, municipal utilities and electric cooperatives.

LS Power's financing and structuring expertise has been recognized in the financial press with awards such as the 2006 Americas Power Deal of the Year (Project Finance International), 2006 North American Single Asset Deal of the Year (Project Finance Magazine), the 2007 North American Single Asset Deal of the Year (Project Finance Magazine) and the 2012 North American Single-Asset Power Deal of the Year (Project Finance Magazine).

In addition to accolades from the financial press, LS Power's disciplined development and project finance approach has attracted a broad spectrum of investors and lenders. Every LS Power-sponsored business that has been taken to the financing community has been successfully financed, even at times of market distress. For instance, the \$1.6 billion of Sandy Creek Energy Associates closed at the end of August 2008, as the financial crisis was taking shape and other borrowers were shut out of the credit markets. As evidenced by the Letter of Intent provided by BNP Paribas and included as Appendix D, LS

NORTHEAST TRANSMISSION DEVELOPMENT

Power has established a strong reputation and long-standing, productive relationships within the financing community.

f. Additional LS Power Experience

Since its inception in 1990, LS Power has remained a leader among independent power producers by continuing to provide highly competitive, flexible, and innovative product offerings for its customers.

LS Power has successfully permitted and developed over a dozen greenfield domestic power generation totaling in excess of 8,000 megawatts of electrical output and 470 miles of high-voltage transmission facilities, representing a total capital investment of over \$8 billion.

In 2005, LS Power launched LS Power Equity Advisors, a private investment vehicle focused on the power industry. To date, LS Power Equity Partners has acquired forty power generation plants with over 20,000 MW of generation capacity located in various markets across the United States.

LS Power provides a full range of asset management services for the power generation projects it develops or acquires. These services include the management of all construction, operational, commercial, financial, legal and regulatory issues for the projects. The firm has managed more than 30,000 MW of power generation under construction or in operations. *Figure 3* summarizes LS Power's experience permitting, developing, constructing, owning and operating generation in the U.S., totaling over 50 facilities with a total capacity in excess of 30,000 MW.

NORTHEAST TRANSMISSION DEVELOPMENT

Much of LS Power's success in executing these generation projects can be attributed to an efficient organization and internal expertise in combination with external resources as appropriate. As with generation, successful and cost effective transmission development and construction requires strong internal capabilities and careful management of a large number of major contractors, consultants, and suppliers. Possessing these capabilities through its extensive experience uniquely positions NTD to successfully complete the Project and provide the PJM system enhancement for the benefit of electricity consumers within PJM.

NORTHEAST TRANSMISSION DEVELOPMENT

C. PROPOSED PROJECT CONSTRUCTABILITY INFORMATION

Major project components can be grouped into two broad categories: (i) a new Crows Run 500/138 kV substation; and (ii) 500/138 kV transmission improvements. *Figure 4* below shows the general location of the Project. A more detailed map depicting the representative location used as the basis of this Proposal can be found in Appendix A. The following sections describe the technical aspects of each major Project component.

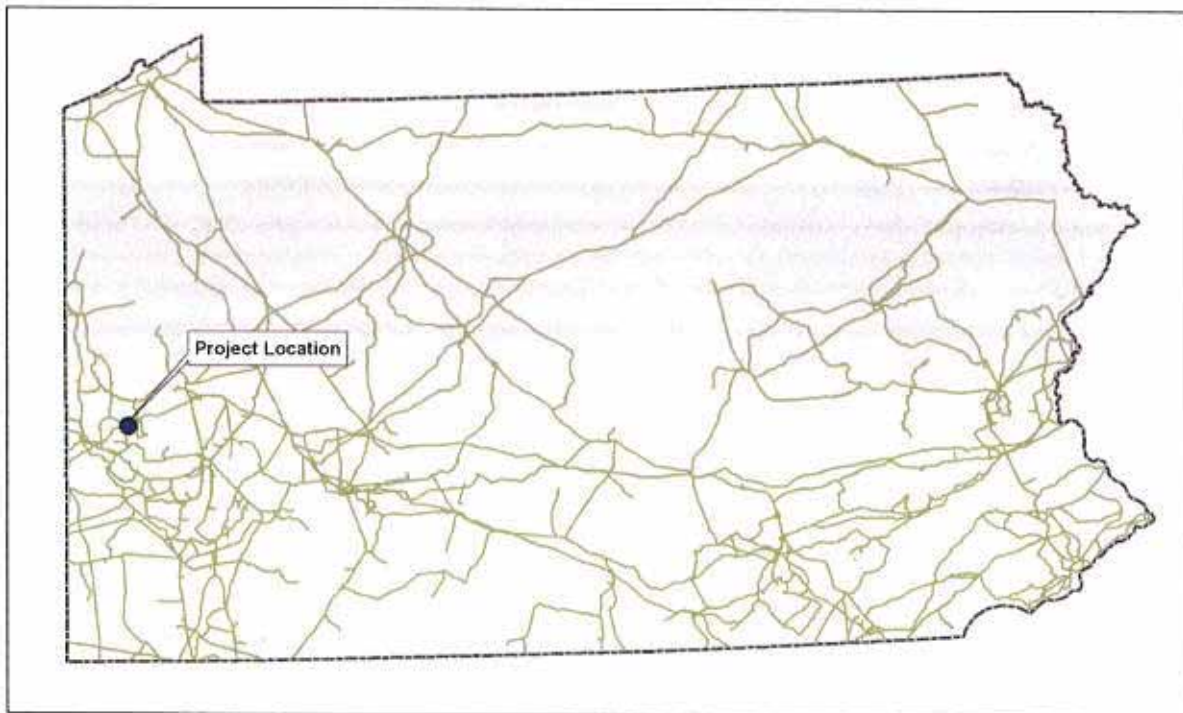


Figure 4 – Project Location

1. Component Scope

a. Crows Run 500/138 kV Substation

The main component of the Project is a new Crows Run 500/138 kV Substation connecting the Wylie Ridge to Cranberry 500 kV transmission line, Wolfe Run to Legionville 138 kV transmission line and Crescent to Valley 138 kV transmission line through a new 500/138 kV transformer. NTD has performed a preliminary engineering and design study to determine the technical specifications required for the interconnection to resolve potential reliability criteria violations as defined in PJM's RTEP 2014 Project Proposal Window 1 Problem Statement ("Problem Statement").

NORTHEAST TRANSMISSION DEVELOPMENT

Technical Project specifications which NTD implemented in its power flow simulations for the Project are shown in *Table 4*.

Table 4 – Project Parameters

Proposed Facility	Impedance		Rating* (MVA)
	R	X	
<i>Crows Run 500/138 kV Transformer</i>	0.0005	0.0303	480/580

* Normal/Emergency (Rate A/Rate B)

NORTHEAST TRANSMISSION DEVELOPMENT

b. 500/138 kV Transmission Improvements

The Project requires termination of the Wylie Ridge to Cranberry 500 kV transmission line, Wolfe Run to Legionville 138 kV transmission line and Crescent to Valley 138 kV transmission line to the Crows Run 500/138 kV Substation.

NORTHEAST TRANSMISSION DEVELOPMENT

c. Project Merits

NTD has completed an extensive modeling effort to evaluate the merits of the Project. The model results demonstrate that the Project will resolve potential reliability criteria violations as identified in *Table 5*.

Table 5 –Potential Reliability Criteria Violations Resolved

Constrained Element	Contingency
Crescent 345/138 kV Transformer	'BKR_73B' (breaker), 'BUS_11' (bus), 'BKR_73C' (breaker),

d. Project One-line Diagram

Using available aerial imagery and FERC data, NTD has reviewed the configuration of existing substations to generate the Project one-line diagram shown in *Figure 6*. Existing equipment is depicted in blue; equipment to be constructed as part of the Project is shown in red.

e. Environmental, Permitting and Land Acquisition

NTD has prepared a detailed Project execution plan for all Project components which outlines all major Project development, construction and operations activities. Additionally, NTD identified, evaluated and subsequently dismissed potential fatal flaws for the Project, confirming preliminary feasibility of the Project.

LS Power will assign a Project Director to oversee the Project through development, construction and operations/maintenance. Appendix C contains an organizational chart depicting the management structure NTD intends to implement the Project. The following sections summarize each of the major activities during the development, construction, and operations and maintenance phases of the Project.

e.1 Routing Analysis

NTD will conduct a detailed routing analysis to identify preferred and alternative routes taking into consideration factors such as safety, environmental impacts and land use. The detailed routing analysis will include data collection, field evaluation, environmental review, engineering analysis, right-of-way review and agency and public review. The detailed routing analysis will identify all information necessary to support development of the application for a Certificate of Public Convenience in Pennsylvania (a "Certificate").

e.2 Community and Landowner Engagement

NTD will identify and engage stakeholders, such as community officials and landowners within the Project corridor, early in the process and maintain an active dialogue throughout. Public meetings will be held to offer a venue for landowners and other interested community members to learn about the Project and for NTD to learn more about specific landowner and community preferences. NTD plans to

NORTHEAST TRANSMISSION DEVELOPMENT

make information available on its website and provide notification of public meetings to landowners within the Project corridor as required in the siting approval process.

e.3 Permitting

As with all of LS Power's development projects, LS Power employees will directly oversee all Project permitting activities. From senior management to project managers and environmental, electrical and project engineers to support services including legal, administrative, regulatory and others, the Project will benefit from LS Power's detail-oriented and hands-on philosophy. In addition to LS Power personnel, NTD will utilize qualified third-party firms to support permitting and development efforts. In its experience, LS Power has found that working with local consultants and legal counsel provides both invaluable insight and the benefit of established relationships with permitting agencies. Additionally, LS Power has strong working relationships with numerous equipment manufacturers, suppliers, contractors and engineers to provide specialized technical data as necessary to support permitting; such information includes, for example, the most current equipment offerings and respective performance data, construction techniques to minimize impacts and permitting complexity and procurement and installation schedules. NTD has already held preliminary discussions with third-party support firms to confirm expectations on schedule and feasibility for permitting processes, procurement and construction, which information is incorporated in this Proposal. NTD will be involved in each step of the development process, carefully managing and reviewing work to ensure the various aspects of the Project fit together upon completion, ultimately being financeable and constructible.

e.4 Siting Approval

Pennsylvania's Public Utility Code requires that any company planning to construct high-voltage transmission lines, defined as those above 100 kV, file an application with the Pennsylvania Public Utilities Commission ("PUC") to obtain a Certificate of Public Convenience. The PUC requires that applicants establish (i) that the transmission line is needed for the benefit of the public for reasons such as reliability or economic efficiency and (ii) that the proposed route is the best alternative considering factors such as safety, environmental impacts and land use.

To begin the Certificate application process, NTD plans to hold pre-application meetings with the PUC to introduce NTD and the Project, as well as confirm its understanding of the process. Shortly thereafter, NTD will simultaneously begin collecting routing data and start its outreach efforts so that public routing input is incorporated at the earliest stages of the Project. Once NTD identifies a preferred route and at least one viable alternative route, NTD will carry out the environmental and detailed engineering work described in the Routing Analysis section above in order to establish a highly-detailed Project plan to support the Certificate applications.

In Pennsylvania, the PUC will set the time and place for hearing(s) of the application upon submission of a complete application. Once the PUC has collected evidence and testimony regarding the Project through the hearing process, the PUC will issue an order with respect to the application. An order granting a Certificate permits the applicant to locate the proposed high voltage transmission line within

NORTHEAST TRANSMISSION DEVELOPMENT

a corridor 500 feet on each side of the centerline provided in the application. The PUC Certificate covers most local zoning and siting approvals necessary for the Project.

e.5 Wetlands and Waterways

Based on available geospatial data, it is likely that the Project's final route will cross a limited number of wetlands and waterways. As a result, NTD expects the Project may be subject to regulation under certain permitting programs, namely Section 404 of the Clean Water Act, Section 10 of the Rivers and Harbors Act, Section 401 of the Clean Water Act and Chapter 105 of the Pennsylvania Code.

In Pennsylvania, the Department of Environmental Protection ("DEP") and the U.S. Army Corps of Engineers ("USACE") have streamlined the permitting process for projects which have a minimal impact to wetlands and waterways through the Pennsylvania State Programmatic General Program which is currently in its fourth revision, frequently referred to as PASPGP-4. The program allows submission of a single joint permit application for coverage under the aforementioned programs.

The preparation of the joint permit application includes a number of relatively long lead activities. Specifically related to aquatic resources, NTD will engage a qualified consultant to conduct a wetlands delineation along the transmission line route in order to establish the extent of proposed impacts. Additionally, issuance of any such permit by DEP requires searches of natural and archeological resource databases to identify potential impacts to resources. NTD will submit a Project description, including location maps, to the Pennsylvania Natural Heritage Program PNDI search which is then reviewed by U.S. Fish and Wildlife Service, Pennsylvania Game Commission, Pennsylvania Fish and Boat Commission and Pennsylvania Department of Conservation and Natural Resources. This program ensures that the Project will not have an adverse impact on certain natural resources or species of concern, as well as ensuring compliance with the Section 7 of the Endangered Species Act. A second database search is that of Pennsylvania Historical and Museum Commission's Cultural Resources Geographic Information System. Similar in scope to the PNDI search input, this search ensures compliance with Section 106 of the National Historic Preservation Act and the PA History Code.

Following review of the application by DEP and USACE to ensure that the Project adheres to applicable standards, the applicant has minimized impacts to the extent practicable and unavoidable impacts will be mitigated as necessary, each agency can issue its respective permit. In the case of USACE, authorization comes in the form of coverage under PASPGP-4. NTD expects the Project will qualify for DEP's coverage under GP-5 Utility Line Stream Crossings and GP-8 Temporary Road Crossings. The former is subject to Pennsylvania's Permit Decision Guarantee Program, allowing permit issuance within 50 days of submitting a complete application. Also covered under DEP's permit would be any Submerged Lands License, required for crossing any stream or river of which the Commonwealth owns the underwater lands.

e.6 Airspace Clearance

The Federal Aviation Administration ("FAA") requires that construction projects meeting certain criteria related to height and proximity to airports or heliports submit a notice of proposed construction. NTD

NORTHEAST TRANSMISSION DEVELOPMENT

anticipates that the Project may trigger notice criteria due to proximity to smaller airfields. As such, NTD expects to file Obstruction Evaluations with FAA for the certain transmission structures. Preparation of the forms is straightforward and simple, requiring structure descriptions, locations and heights. FAA gives an estimated timeframe for a determination of 45 days although NTD has found the timing can be significantly less if, as expected for the Project, structures do not substantially exceed the notice thresholds. Once issued, Determinations of No Hazard to Air Navigation valid for 18 months and may be extended once for an additional 18 months.

Pennsylvania Department of Transportation's ("PennDOT") Bureau of Aviation requires notice of potential airspace hazards as well. The notice criteria and review process is nearly identical to that of the FAA. Both agencies accept copies of FAA obstruction evaluations filings, thereby streamlining the application process. Once FAA has issued determinations, State approvals typically follow shortly thereafter.

e.7 Stormwater/Erosion and Sedimentation Control

In Pennsylvania, construction and post-construction stormwater control and erosion and sedimentation ("E&S") control permitting are closely correlated, especially as changes to one plan frequently necessitates changes to another. The processes are intended to implement, among others, Chapter 102 of the Pennsylvania Code, enacted to protect water quality.

Stormwater and E&S plans will be submitted simultaneously to the DEP and the appropriate conservation district(s). NTD expects the stormwater application will take the form of a Notice of Intent submittal, requesting coverage under PAG-02, a general permit program. Application packages include the following components:

- NPDES Notice of Intent form;
- District E&S application;
- PNDI search results;
- Local municipality notifications;
- E&S pollution control plans and narrative;
- Post construction stormwater plans and supporting flow calculations; and
- Application fees.

Once submitted, the applications are distributed to the appropriate reviewing agencies and then undergo a two-step review process. The first step confirms that the application is administratively complete, sufficiently containing the major elements listed above. Once deemed administratively complete, each agency reviews the technical merits to confirm that the Project adheres to all applicable standards. While review duration can depend on size and complexity of a particular project, the overall process is expected to last approximately six months from application submission and permit issuance.

e.8 Various Minor Permits

In addition to the permits described above, NTD has identified a number of other permits which are likely to be required for the construction of the Project. NTD considers these permits to be minor due to

NORTHEAST TRANSMISSION DEVELOPMENT

the more limited effort to prepare applications and the less intensive permitting processes which follow. The following is a brief description of many of the minor permits for the Project.

- **Road crossings.** PennDOT does not require highway occupancy permits for aerial-only crossings (structures located outside the right-of-way), although NTD expects that Federal highway and Township road crossings will require permitting.
- **Utility and railroad crossings.** The final route is likely to cross multiple linear facilities, such as overhead and underground utility corridors and railroads, which may require the owner's consent for the proposed occupation.

e.9 Right-of-Way Acquisition

The Project will be located primarily on new right-of-way to be acquired by NTD predominately in the form of easements. NTD will assign a Right-of-Way Manager to oversee all real estate related activities for the Project including appraisals, title work, surveying, land acquisition and restoration.

A land valuation study will be prepared to establish acreage values for the Project area to serve as the basis for consistent offers for securing easements. Title work will be prepared for each parcel and provided to the survey team for use in preparing legal descriptions for each easement. A right-of-way agent will contact each property owner in person to explain the Project and, as necessary, secure permission to conduct surveys, archaeological studies, etc. Right-of-way agents will be the primary point of contact and negotiate with property owners to acquire the easements on a mutually agreeable basis. To the extent that negotiations reach an impasse, NTD will be able to pursue eminent domain through the PUC. The right-of-way agents will continue to act as a liaison with the property owners during construction and through the restoration process.

e.10 Project Construction

NTD intends to follow the same approach for construction as was most recently used to construct the Cross Texas Transmission facilities in Texas. NTD will assign a Construction Manager, an Engineering Manager and a Permit/Compliance Manager to oversee, construction, engineering and compliance activities. This will include quality assurance, field inspectors, coordination activities, outage planning, document control, and various specialists. Appendix C provides an organizational structure depicting NTD's planned management arrangement.

NTD will use a combination of owner-managed and lump sum turn-key approaches for engineering, procurement and construction of the transmission line and substation equipment.

NTD will retain an owner's engineer to complete all detailed transmission line engineering and to support construction planning, scheduling, bid document preparation, and related activities. At this time, NTD plans to directly procure the Project transmission structures, conductors, and optical ground wire and associated hardware. NTD will enter into a line construction contract for the procurement of the remaining materials and construction of the transmission line including all access development, clearing, foundation construction, structure erection, and conductor, shield wire and OPGW stringing.

NORTHEAST TRANSMISSION DEVELOPMENT

For the new switching station, NTD will likely enter into a turn-key contract for the design, engineering, procurement, construction, start-up and testing of the substation equipment.

2. Project Component Cost Estimates

NTD completed a preliminary engineering and design study using the representative location as the basis for estimating Project costs. A summary of major Project cost categories as requested by PJM is provided in *Table 6*. Additionally, NTD has generated a more detailed Project cost estimate included as Appendix B that categorizes costs per Project component.

3. Schedule

A milestone schedule for each proposed Project component is provided in *Figure 7* below. The Project Schedule identifies major Project activities as requested by PJM. As demonstrated below, NTD's schedule allots sufficient time to complete each aspect of the Project to meet the required in-service date of June 1, 2019 without risking a delay if unforeseen issues would arise.

NORTHEAST TRANSMISSION DEVELOPMENT

NORTHEAST TRANSMISSION DEVELOPMENT

4. On-going Transmission Facility Items

For all Project components, NTD intends to follow the same approach for operations and maintenance as is being used for the Cross Texas Transmission Facilities in Texas. NTD will maintain a reliable system and ensure safety and compliance with all applicable codes and standards. NTD will assign a Planning and Operations Manager to oversee the planning, maintenance, real-time operations, and emergency response activities. NTD will actively monitor the condition of the Project, perform condition based maintenance activities and replace equipment as needed. Appendix C provides an organizational structure depicting NTD's planned management arrangement.

a. Operational Plan

NTD will have a transmission operations center to provide 24/7 monitoring of the Project to monitor and control voltage levels, power flows, or other parameters of the Project, as well as implement procedures needed for emergency or planned maintenance.

b. Maintenance Plan

NTD will implement an active, thorough inspection and maintenance program for the Project consistent with industry practices including transmission line inspections, vegetative and right-of-way maintenance, and substation maintenance.

5. Assumptions

The key assumptions used in preparing the estimated costs and schedules are detailed above and in the attachments.

APPENDIX A

REPRESENTATIVE SUBSTATION LOCATION

APPENDIX B

COMPONENT COST ESTIMATE

APPENDIX C

ORGANIZATIONAL STRUCTURE CHART

APPENDIX D

LETTER OF INTENT