

## CCNPP3COLA NPEmails

---

**From:** DaVia, Joseph NAB [Joseph.DaVia@usace.army.mil]  
**Sent:** Friday, April 15, 2011 10:33 AM  
**To:** Quinn, Laura  
**Subject:** PATH: Letter/PJM Press Release (UNCLASSIFIED)  
**Attachments:** document2011-04-15-081543.pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Classification: UNCLASSIFIED  
Caveats: NONE

Laura --

Attached is a scanned copy of the March 17, 2011 letter (from the Counsel to the PATH Companies) and February 28, 2011 PJM press release regarding the PATH project. Please note that the Federal agencies have NOT responded to PATH's March 17, 2011 request.

Feel free to give me a call if you have any questions.

Joseph P. DaVia  
Chief, Maryland Section Northern  
U.S. Army Corps of Engineers, Baltimore District  
410.962.5691

Classification: UNCLASSIFIED  
Caveats: NONE

**Hearing Identifier:** CalvertCliffs\_Unit3Cola\_NonPublic\_EX  
**Email Number:** 5873

**Mail Envelope Properties** (92390DD291B2BB4298B1C7BBA081AA674F2BDE)

**Subject:** PATH: Letter/PJM Press Release (UNCLASSIFIED)  
**Sent Date:** 4/15/2011 10:32:53 AM  
**Received Date:** 4/15/2011 10:33:08 AM  
**From:** DaVia, Joseph NAB

**Created By:** Joseph.DaVia@usace.army.mil

**Recipients:**  
"Quinn, Laura" <Laura.Quinn@nrc.gov>  
Tracking Status: None

**Post Office:** nab-ml4bal.nab.ds.usace.army.mil

<b>Files</b>	<b>Size</b>	<b>Date &amp; Time</b>
MESSAGE	548	4/15/2011 10:33:08 AM
document2011-04-15-081543.pdf		399572

**Options**  
**Priority:** Standard  
**Return Notification:** No  
**Reply Requested:** No  
**Sensitivity:** Normal  
**Expiration Date:**  
**Recipients Received:** Follow up



A PROFESSIONAL CORPORATION  
1050 Thomas Jefferson Street, N.W.  
Washington, D.C. 20007-3877  
(202) 298-1800 Telephone  
(202) 338-2416 Facsimile

Seattle, Washington  
(206) 623-9372

March 17, 2011

Joseph B. Nelson  
(202) 298-1894  
jbn@vnf.com

Pamela Underhill  
Superintendent  
Appalachian National Scenic Trail  
P.O. Box 50  
Harpers Ferry, WV 25425

Kevin Brandt  
Superintendent  
C & O Canal National Historic Park  
1850 Dual Highway, Suite 100  
Hagerstown, MD 21740-6620

Rebecca Harriett  
Superintendent  
Harpers Ferry National Historic Park  
P.O. Box 65  
Harpers Ferry, West Virginia 25425

Don Briggs  
Superintendent  
Potomac Heritage National Scenic  
Trail  
P.O. Box B  
Harpers Ferry, West Virginia, 25425

Dear Superintendents Underhill, Harriett, Brandt and Briggs:

By this letter, the PATH Companies<sup>1</sup> formally request that the National Park Service (“NPS”) temporarily hold in abeyance its review of the pending right-of-way authorization requests<sup>2</sup> for the Potomac-Appalachian Transmission Highline (“PATH”) Project, through December 31, 2011. This abeyance request covers the temporary suspension of the National Environmental Policy Act (“NEPA”) review, including activities being conducted by the third-party NEPA contractor, PBSJ.

On February 28, 2011, PJM Interconnection (“PJM”) announced its decision to hold the PATH Project in abeyance in PJM’s 2011 Regional Transmission Expansion Plan (“RTEP”). A copy of the statement announcing this decision by PJM President and CEO, Mr. Terry Boston, is appended to this letter. As explained in Mr. Boston’s statement, PJM has directed the PATH Companies to “suspend current development efforts on the PATH project, subject to those activities necessary to maintain the project in its current state, while PJM conducts more rigorous analysis of the potential need for PATH as part of its continuing RTEP process.” PJM has

<sup>1</sup> PATH Allegheny Transmission Company, LLC; PATH West Virginia Transmission Company; PATH Allegheny Virginia Transmission Corporation; PATH Allegheny Maryland Transmission Company, LLC; and The Potomac Edison Company.

<sup>2</sup> On May 20, 2009, the PATH Companies filed right-of-way authorization requests for crossing of the Harpers Ferry National Historical Park, Appalachian National Scenic Trail and Chesapeake & Ohio National Historical Park for the PATH Project.

informed the PATH Companies that it plans to complete its further analysis of the PATH Project by late 2011.

The PATH Companies wish to reiterate that PJM's decision is only a suspension and that it is not a cancellation or abandonment of the PATH Project. Further, this decision does not direct any change to the location of the proposed crossing of federal properties as detailed in the right-of-way applications before the NPS. To the contrary, the PATH Companies have been directed to maintain the project in its current state while PJM reviews the RTEP process and conducts more rigorous analyses.

In compliance with PJM's directive, the PATH Companies have reviewed the necessary steps to suspend, but maintain the current status of federal and state regulatory proceedings associated with the project. On February 28, 2011, the PATH Companies made filings with State commissions in Maryland, Virginia and West Virginia to withdraw pending applications for state regulatory approvals. This decision was made due to the specific nature and status of those proceedings, including applicable statutory time frames as well as procedural schedules for discovery, testimony, evidentiary hearing, and legal briefs. Further, the "need" element of the State application submittals was based on PJM's prior review of the project—which cannot be updated until PJM completes its ongoing review and analyses. In light of these considerations, the PATH Companies determined that suspension or abeyance of the State proceedings was impractical and that the appropriate action was to withdraw the pending State applications without prejudice, subject to the filing of new applications as warranted by new developments.

Separately, on March 7, 2011, the PATH Companies provided an update to the Federal Energy Regulatory Commission ("FERC") with respect to the PATH transmission revenue requirement under Docket No. ER08-386-000. In that filing, the PATH Companies informed FERC that it expects that some non-development activities and non-capital expenditures will necessarily continue in order to maintain the Project in its current state during the PJM review. Accordingly, the PATH Companies confirmed to FERC the need to continue to implement its formula rate and protocols for the recovery of actual expenditures for the PATH Project for calendar year 2011.

The PATH Companies also have reviewed options with respect to the federal right-of-way applications. After careful consideration, the PATH Companies have concluded that the proper course of action is to request that their pending right-of-way applications before the NPS be held in abeyance through the end of 2011. The PATH Companies are concurrently requesting that the U.S. Forest Service ("USFS") also hold in abeyance their consideration of the right-of-way application for crossing of the Monongahela National Forest properties. The PATH Companies will provide the NPS and USFS with updates as to the status of the PJM review by no later than September 1, 2011 and December 31, 2011.

It is our understanding that an abeyance period for the NPS right-of-way applications will mean suspension of federal activities. Particularly, we understand that there would be no formal federal agency actions during this period, including no initiation of any NEPA alternative workshops. However, during the PJM review, the administrative record will remain open, the

NEPA review will be maintained in its present stage of information gathering, and the contract for PBSJ's services as the third party contractor for NEPA review will be continued.

The PATH Companies respectfully request that the NPS confirm our understanding of the effect of an abeyance period (as described above) and that the abeyance period and the reporting protocol described in this letter will allow the PATH Project to maintain the current status of its right-of-way applications before the NPS.

The PATH Companies also wish to acknowledge their recent receipt of an NPS worksheet detailing its actual and planned expenditures, through March 26, 2011, with respect to the NPS review of the pending right-of-way applications. The PATH Companies are presently reviewing the information provided by the NPS as part of their effort to determine anticipated expenditures necessary to maintain the current status of the project during the abeyance period. To the extent that further information or detail is necessary to complete that review, the PATH Companies will follow-up with their existing NPS accounting contact, Ms. Collette Carmouche.

In closing, the PATH Companies wish to reiterate their continued commitment to work cooperatively with the NPS as well as other federal and state agencies. We appreciate the effort the NPS has already expended in this matter and look forward to continuing to work with you and your staff in the future.

Sincerely,



Joseph B. Nelson  
Counsel to the PATH Companies

cc: Woody Smeck, Acting Regional Director, National Capital Region, NPS  
Dennis Reidenbach, Regional Director, Northeast Region, NPS  
Margaret O'Dell, Deputy Director—Operations, NPS  
Morgan McCosh Elmer, Denver Service Center, NPS  
Jason Reed, District Ranger, Monongahela National Forest, USFS  
Clyde N. Thompson, Forest Supervisor, Monongahela National Forest, USFS



**Statement of Terry Boston, President and CEO,  
on behalf of the PJM Board of Managers**

**Planning for Transmission in the 21<sup>st</sup> Century**

February 28, 2011

One of PJM's core functions is planning for new transmission facilities that are needed to ensure the future reliability of our regional electricity system that serves 54 million people. PJM's independent analysis is an important component of the process by which FERC and the States exercise their respective authority over the construction, siting and cost recovery for major new transmission lines in our region.

Through the current Regional Transmission Expansion Plan (RTEP), PJM has identified -- over a 15-year horizon -- when the forecasted power flows in specific areas of the grid would violate national and local standards for reliable operation of the bulk electric system. This process necessarily requires estimating the future demand for electricity, as well as analyzing the committed resources that will serve the demand, in order to determine when and where future power flows will exceed the thermal and voltage limitations of existing transmission facilities.

While any estimate of future economic activity and its effect on both demand and supply is inherently uncertain, PJM generally has found, based on its experience, that the magnitude of uncertainty was limited and that FERC-approved "bright line" tests such as are currently used in the RTEP process could reasonably define the expected date of future reliability violations, thereby allowing PJM to plan for new transmission facilities.

Recent dramatic swings in economic forecasts and evolving public policies (particularly with respect to renewable energy) are adding greater uncertainty to our planning studies. Uncertainty about generation retirements, particularly in response to potential changes in environmental regulations, may also be diminishing the robustness of the current planning criteria.

Moreover, a set of new and greater uncertainties -- not just with load growth estimates but also other key indicators relevant to planning assessments -- are complicating the analysis of future reliability needs. In particular, the growth of Demand Response can contribute to lower expectations for future peak demand, thereby extending the time period when transmission upgrades are needed.

This Board supports both the enhanced competition within PJM markets that comes with greater Demand Response participation and greater opportunities for renewable energy -- but we recognize these factors add significant complexity to analyses of the system's future needs.

Although the current planning studies have become volatile due to significant changes in economic forecasts, this Board remains committed to sharing with PJM stakeholders the latest results of PJM's completed analysis. We report whatever the forecasts are and we respond impartially.



### **The Potomac Appalachian Transmission Highline (PATH)**

Based on analysis conducted in 2007, the PJM Board approved a 765 kV line between the existing Amos substation in West Virginia and the proposed Kempton substation in Maryland. Subsequent analysis extended the "required in-service date" by which the line was needed to resolve reliability violations to 2015.

As part of its 2011 RTEP, and in response to a request by a Virginia Hearing Examiner, PJM is conducting a series of analyses using the most current economic forecasts and Demand Response commitments, as well as potential new generation resources. Preliminary analysis reveals the expected reliability violations that necessitated PATH have moved several years into the future.

Based on these latest results, the Board has decided to hold the PATH project in abeyance in its 2011 RTEP. The Board further directs the sponsoring Transmission Owners to suspend current development efforts on the PATH project, subject to those activities necessary to maintain the project in its current state, while PJM conducts more rigorous analysis of the potential need for PATH as part of its continuing RTEP process. This action, however, does not, at this time, constitute a directive by PJM to the sponsoring Transmission Owners to cancel or abandon the PATH project.

PJM will complete this more rigorous analysis of the PATH project and other transmission requirements and then report the results to stakeholders when it is available. The Board will review this comprehensive analysis as part of its consideration of the 2011 Regional Transmission Expansion Plan.

### **Managing Uncertainties in Transmission Planning**

Through the Regional Planning Process Task Force and other forums, PJM stakeholders are evaluating the current planning criteria and considering better ways to manage all factors utilized in the exercise of transmission planning.

The PJM Board strongly supports this effort. We consider this collaboration to be one of PJM's most important stakeholder initiatives. While we do not presuppose any specific outcome at this time, we ask PJM members to bring forth recommendations by this fall so that PJM might make appropriate filings and then enact improvements in the planning process at the beginning of 2012.

This region's electricity system faces more challenges in the next 10 years than any other period over the last 100 years. Transmission planners are on the leading edge – identifying future needs amidst growing uncertainties such as a changing fuel mix, increased storage possibilities, greater demand participation, as well as fluctuating forecasts for economic recovery.

We urge stakeholders to find innovative ways to manage these complexities well so that this region keeps -- for the long-term future -- the reliable electric service that drives our economy.