



Organization of PJM States, Inc. (OPSI)

President: **Hon. Greg R. White**, Commissioner, Michigan PSC
Vice President: **Hon. Edward S. Finley, Jr.**, Chairman, North Carolina UC
Secretary: **Vacant**
Treasurer: **Hon. Lori Murphy Lee**, Commissioner, District of Columbia PSC

Members:

Delaware Public Service Commission • District of Columbia Public Service Commission • Illinois Commerce Commission Indiana Utility Regulatory Commission • Kentucky Public Service Commission • Maryland Public Service Commission Michigan Public Service Commission • New Jersey Board of Public Utilities • North Carolina Utilities Commission Public Utilities Commission of Ohio • Pennsylvania Public Utility Commission • Tennessee Regulatory Authority Virginia State Corporation Commission • Public Service Commission of West Virginia.

June 12, 2012
(via e-mail attachment only)

Terry Boston
President and CEO
PJM Interconnection
955 Jefferson Avenue
Norristown, Pennsylvania 19403-2497

Re: State Agreement Approach

Dear Terry:

The Organization of PJM States Inc., (“OPSI”) appreciates the effort that PJM has expended in assisting the OPSI states in understanding PJM’s efforts to comply with the Federal Energy Regulatory Commission’s (“FERC”) Order 1000. At the OPSI Board meeting of June 7, 2012, the following language was approved for inclusion in PJM’s compliance tariff for Order 1000 addressing the state agreement approach.¹

One or more states², at the sole discretion of and cost to such states, and each in compliance with applicable law, regulation, and policy, may propose as a Supplemental Project an enhancement or expansion of the transmission system to meet its Public Policy Requirements (“Public Policy Project”), as identified by each such state(s). The decision to propose a Public Policy Project under this approach is completely voluntary on the part of the sponsoring state(s).

¹ The motion to recommend this language to PJM was supported by Illinois, Indiana, Kentucky, Michigan, North Carolina, Ohio, Tennessee, Virginia, and West Virginia. The motion was opposed by Delaware with the District of Columbia, Maryland, and Pennsylvania abstaining from the vote.

² For purposes of this section a “state” is intended to include those states wholly or partly in the service area of PJM as well as the District of Columbia.

Terry Boston
June 12, 2012
Page Two

A Public Policy Project may be comprised of transmission lines, transmission equipment, or other transmission facilities. Participation by a state in a Public Policy Project shall include an allocation of the total cost of the project. Each sponsoring state shall be responsible for its share of the total costs of the Public Policy Project. For these state-sponsored projects, all costs related to the Public Policy Project shall be recovered from customers in the sponsoring state(s) under a FERC-approved rate. No Public Policy Project costs may be allocated for recovery from the residents of non-sponsoring states.

The recommendation of this language for inclusion in PJM's FERC Order 1000 compliance filing should not be construed as OPSI support for the merits of that order.

Sincerely,

Greg R. White, President
OPSI

cc: OPSI Board of Directors
Denise Foster, PJM Interconnection, Vice President-State and Member Services