

**REQUEST FOR EXTENSION OF
ORDER NO. 202-05-3 OF THE DISTRICT OF COLUMBIA
PUBLIC SERVICE COMMISSION**

Since August 2005, the DOE, the Federal Energy Regulatory Commission (“FERC”), the DCPSC and other interested parties have worked tirelessly to address the difficult reliability, national security and environmental issues posed by the shutdown of the Potomac River Generating Station plant (“Potomac River Plant” or “Plant”), which is owned and operated by Mirant Corporation and its subsidiaries (collectively, “Mirant”) in Alexandria, Virginia. The Secretary’s December 20 Order correctly recognized that closing the Plant without adequate and reliable alternatives for electric power delivery to the Nation’s Capital represented an emergency within the meaning of Section 202(c) of the FPA, and thus directed Mirant to resume power production at the facility. While all parties have achieved significant progress in untangling the conundrum posed by the Plant’s closure, the emergency described in the December 20 Order has not abated. As recognized by the Secretary’s Extension Order, this emergency will continue at least until the new 230 kV transmission lines proposed by PEPCO and approved by the DCPSC are completed and placed in operation.⁴ Accordingly, the DCPSC requests that the December 20 Order be extended until that time,⁵ or such other date when the DOE, PJM Interconnection, LLC (“PJM”), PEPCO, and the DCPSC have determined that reliability of electric energy supply and safety and security are no longer compromised.

I. BACKGROUND

The DCPSC initiated this proceeding on August 24, 2005, by filing an Emergency Petition and Complaint (“Petition”) with the DOE under Section 202(c) of the FPA⁶ and the

⁴ See Extension Order at 2.

⁵ The DCPSC reserves its right to request further extensions and/or modifications of the December 20 Order in the event its reliability and security of supply concerns are not resolved as of the proposed extension date.

⁶ 16 U.S.C. § 824a(c) (2000).

FERC under Sections 207 and 309 of the FPA.⁷ The filing was precipitated by Mirant's shutdown of the Potomac River Plant in response to certain air quality concerns raised by the Virginia Department of Environmental Quality ("VDEQ"). In its Petition, the DCPSC requested an order from the DOE and the FERC directing Mirant to resume Plant operations in order to avoid adverse impacts on the reliability and security of electricity supply in the District of Columbia.

The Secretary's December 20 Order found that an emergency exists in the Central D.C. area "because of the reasonable possibility an outage will occur that would cause a blackout, the number and importance of facilities and operations in our Nation's Capital that would be potentially affected by such a blackout, the extended number of hours of any blackout that might in fact occur, and the fact that the current situation violates applicable reliability standards."⁸ Accordingly, Mirant was directed to resume generation at the Potomac River Plant and operate it as needed to meet demand during planned and unplanned service outages of the transmission facilities used to import power into the District of Columbia. The December 20 Order also emphasized the Secretary's expectation that the DCPSC would take appropriate actions within its authority to ensure adequate and reliable electric service for the Central D.C. area, including the expedited approval of PEPCO's transmission system upgrades and instituting demand response programs.⁹

⁷ 16 U.S.C. §§ 824f and 825h (2000). The FERC docketed the DCPSC Petition in Docket No. EL05-145-000.

⁸ December 20 Order at 6.

⁹ *Id.* at 9.

On December 30, 2005, Mirant filed its Operating Plan in compliance with the December 20 Order,¹⁰ which included two operational alternatives for the near term: Option A and Option B. Under Option A, Mirant proposed to operate one baseload unit and two cycling units and, in the event the entire Plant was required to be placed into service, it would take approximately 28 hours to restore its operations fully.¹¹ Under Option B, Mirant proposed to operate three baseload units continuously, with 12 hours or less at maximum load and 12 hours or more at minimum load on a daily basis, and would operate each of the cycling units one day per week (on separate days) for approximately 8 hours.¹² On January 4, 2006, the DOE issued a letter order directing Mirant to immediately implement “Option A” as an interim solution, pending the DOE’s complete review and final order on the Operating Plan.¹³

On January 9, 2006, FERC issued an order on the DCPSC’s Petition, which supplemented the Secretary’s December 20 Order by focusing on a more permanent solution to the reliability concerns at issue.¹⁴ In the January 9 Order, FERC found interstate service to be inadequate within the meaning of Section 207 of the FPA because the shutdown of the Plant posed a serious threat to the reliability of electric service in the area.¹⁵ In light of the short-term relief already granted by the DOE, FERC ordered PJM and PEPCO to file a long-term plan to

¹⁰ See *District of Columbia Public Service Commission*, Operating Plan Of Mirant Potomac River, LLC In Compliance With Order No. 202-05-03, Docket No. EO-05-01 (Dec. 30, 2005)(“Operating Plan”).

¹¹ *Id.* at 2, 5.

¹² *Id.* at 5.

¹³ Letter order, Docket No. EO-05-01 (Jan. 4, 2006).

¹⁴ See *District of Columbia Public Service Commission*, 114 FERC ¶ 61,017 (2006) (“January 9 Order”).

¹⁵ *Id.* at P28.

maintain adequate reliability in the Washington, D.C. area and the surrounding region, and a plan to provide adequate reliability pending implementation of this long-term plan.¹⁶

On January 18, 2006, the DOE issued a Notice of Emergency Action with respect to the December 20 Order,¹⁷ in which the DOE stated that it would prepare a Special Environmental Analysis (“SEA”) under the National Environmental Policy Act (“NEPA”) to examine the potential impacts resulting from the issuance of the December 20 Order. The SEA will describe further DOE decision-making regarding further alternatives and potential further mitigation actions by the DOE. The DOE stated that it would make the SEA publicly available and would consider information in the SEA, and public comments on the SEA, in any future decisions regarding the operation of the Plant. The SEA is currently expected to be issued by December 1, 2006.

On February 8, 2006, PEPCO and PJM jointly submitted to FERC a Transmission Reliability Plan in compliance with the January 9 Order.¹⁸ The Transmission Reliability Plan included (1) a near-term operating plan with the Plant operational; (2) a near-term operating plan without the Plant operational; (3) a near-term construction plan; (4) a long-term operating plan with the Plant operational; (5) a long-term operating plan without the Plant operational; and (6) a

¹⁶ *Id.* at PP2, 31.

¹⁷ *See Emergency Order To Resume Limited Operation at the Potomac River Generating Station, Alexandria, VA in Response to Electricity Reliability Concerns in Washington, DC, Notice of Emergency Action*, 71 Fed. Reg. 3279 (January 20, 2006).

¹⁸ *See District of Columbia Public Service Commission*, Joint Compliance Filing of Potomac Electric Power Company and PJM Interconnection, LLC, Docket No. EL05-145-001 (filed Feb. 8, 2006)(“Transmission Reliability Plan”). A public version of the Transmission Reliability Plan is attached hereto at Attachment A.

long-term construction plan.¹⁹ On June 5, 2006, FERC issued a letter order accepting the Transmission Reliability Plan for filing.²⁰

On June 1, 2006, the Environmental Protection Agency (“EPA”) issued an Administrative Compliance Order By Consent, addressing the environmental issues posed by the Plant’s continued operation.²¹ The EPA Order was issued pursuant to Section 113(a)(1) of the Clean Air Act and required Mirant to operate the Plant during line outage situations (as defined in the EPA Order) in accordance with the December 20 Order. In Non-Line Outage Situations (as defined in the EPA Order), Mirant was required to operate the Plant in accordance with the specific requirements set forth in the EPA Order. The EPA Order was followed by a letter order from the DOE issued on June 2, 2006, that directed Mirant, in non-line outage situations, to keep as many units in operation as necessary to provide reliable service to the extent such operations are in accordance with the EPA Order.²²

On September 28, 2006, the DOE issued Order No. 202-06-2, extending the terms of the December 20 Order until December 1, 2006, in order to complete the SEA process and review the comments thereon.²³ In the Extension Order, the DOE reiterated its expectation that the DCPSC “pursue demand response initiatives and actively promote conservation as additional means of enhancing reliability in the Central D.C. area.”²⁴

¹⁹ *Id.* at Attachment A.

²⁰ *See* Letter order, Docket No. EL05-145-001 (June 5, 2006).

²¹ *See Re Mirant Potomac River LLC, et al.*, Administrative Compliance Order by Consent, Docket No. CAA-03-2006-0163DA (2006)(“EPA Order”).

²² *See District of Columbia Public Service Commission*, DOE letter to Mirant Concerning Plant Operations In Regards to EPA Administrative Order by Consent, Docket No. EO-05-01 (issued June 2, 2006).

²³ *See* Extension Order at 2.

²⁴ *Id.*

II. THE DCPSC HAS TAKEN ALL REASONABLE MEASURES WITHIN ITS JURISDICTION TO ADDRESS THE POTOMAC RIVER PLANT EMERGENCY.

Since the issuance of the December 20 Order, the DCPSC has undertaken a series of actions to address the Potomac River Plant situation. Specifically, the DCPSC expeditiously approved the transmission upgrades proposed by PEPCO to alleviate the emergency, reviewed existing demand response programs and considered a number of additional demand response measures in the District of Columbia. Although necessarily constrained by the legal limits on the DCPSC's jurisdiction, each of these steps has been taken to address the Secretary's expectations expressed in the December 20 Order and subsequent DOE directives.

A. Swift Approval of PEPCO's Proposed Transmission Upgrades

In its prior filings in this docket, the DCPSC described the expedited process it used to address PEPCO's October 12, 2005 emergency application to construct two 69 kV overhead transmission lines and two 230 kV underground transmission lines to alleviate the emergency created by the shutdown of the Potomac River Plant.²⁵ Recognizing the need for swift action, the DCPSC established a compressed procedural schedule and conducted a series of expedited hearings on PEPCO's emergency application. On March 6, 2006, the DCPSC issued a final order, granting PEPCO a certificate of public convenience and necessity to construct the proposed 69 kV lines and approving the construction of the 230 kV lines.²⁶

²⁵ See Preliminary Comments on Compliance Plan and Request for Clarification or, in the Alternative, Rehearing of the District of Columbia Public Service Commission, Docket No. EO-05-1, at 6-7 (January 19, 2006).

²⁶ See *Formal Case No. 1044, In the Matter of the Emergency Application of the Potomac Electric Power Company for a Certificate of Public Convenience and Necessity to Construct Two 69 kV Overhead Transmission Lines and Notice of the Proposed Construction of Two Underground 230 KV Transmission Lines ("F.C. No. 1004")*, Order No. 13895 (March 6, 2006) ("March 6 Order").

The 69 kV portion of PEPCO's transmission upgrade project was completed and energized as scheduled on July 15, 2006.²⁷ PEPCO is now focusing its efforts on completion of the 230 kV portion of the transmission upgrades approved by the DCPSC's March 6 Order. According to PEPCO's September Progress Report filed at the FERC, all design work, including plan and profile drawings for the 230kV lines, has been completed.²⁸ PEPCO's October Progress Report notes that a minor change has since been made to the design of Segment D of the project. However, this minor change will not impact the schedule.²⁹ PEPCO further reports that all necessary permits have been obtained³⁰ and all equipment deliveries are on schedule.³¹ Substation upgrade work is expected to commence on January 1, 2007 and be completed on April 14, 2007.³² Construction efforts and installation of the 230 kV pipes began on June 5, 2006,³³ and PEPCO currently anticipates an in-service date of June 21, 2007 for its proposed 230 kV lines.³⁴

B. DCPSC's Electric Demand Management Efforts

The DCPSC has worked hard to ensure that viable demand response programs exist in the District of Columbia. As explained below, a number of demand response options had been available through PJM and PEPCO even prior to the issuance of the December 20 Order and they

²⁷ See *District of Columbia Public Service Commission*, Monthly Progress Report for July 2006, Docket No. EL05-145-000 (filed August 8, 2006). Copies of PEPCO's progress reports are attached hereto at Attachment B.

²⁸ See *District of Columbia Public Service Commission*, Monthly Progress Report for September 2006, Docket No. EL05-145-000 (filed October 6, 2006) ("September Progress Report").

²⁹ See *District of Columbia Public Service Commission*, Monthly Progress Report for October 2006, Docket No. EL05-145-000 (filed November 9, 2006) ("October Progress Report").

³⁰ See *id.* at 2.

³¹ See *id.*

³² See *id.* at 3.

³³ See *id.*

³⁴ See *id.*

remain available for all qualified participants. The DCPSC has also undertaken certain steps over the past 10 months to determine whether additional programs may be necessary and justified, and a number of these additional initiatives are being considered. Most recently, the DCPSC held an informal meeting on September 27, 2006, with representatives from the DOE, the General Services Administration (“GSA”), PJM and PEPCO to discuss opportunities for federal facilities to participate in demand response programs in the District.

(1) *PJM’s Demand Response Programs*

PJM conducts two demand response programs that provide financial incentives for end-use customers to reduce their electricity use either during an emergency event or when locational marginal prices (“LMPs”) are high on the PJM system.³⁵ The Emergency Load Response Program (“Emergency Program”) provides compensation to retail customers who voluntarily reduce load during emergency conditions on the PJM grid.³⁶ The Economic Load Response Program (“Economic Program”) provides an incentive to customers or curtailment service providers to reduce electricity consumption when PJM LMPs are high.³⁷ Participants in this program have the choice of day-ahead or real-time options.³⁸ The day-ahead option enables any qualified market participant to provide customers the opportunity to offer to reduce the amount

³⁵ See www.pjm.com/services/demand-response/demand-response.html.

³⁶ See PJM Interconnection, LLC, FERC Electric Tariff, Fourth Revised Volume No. 1, PJM Emergency Load Response Program at 256C (issued Mar. 1, 2002), located at <http://www.pjm.com/services/demand-response/downloads/documentation/20020301-tariff-revisions.pdf>.

³⁷ See PJM Interconnection, LLC, FERC Electric Tariff, Fourth Revised Volume No. 1, PJM Economic Load Response Program at 256M (issued Mar. 15, 2002), located at <http://www.pjm.com/services/demand-response/downloads/documentation/20020315-tariff-revisions.pdf>.

³⁸ *Id.*

of electricity they will draw from the PJM system in advance of real-time operations.³⁹ These customers receive payments from actual load reductions based on the day-ahead LMPs.⁴⁰ The real-time option enables any qualified market participant to provide customers the opportunity to commit to reduce the amount of electricity they draw from the PJM system during times of high prices.⁴¹ Participating customers receive payments from the load reduction based on real-time LMPs.⁴²

PEPCO sponsors customer participation in both the PJM Emergency and Economic Programs. During the 2005 summer, one customer participated in the Economic Program through PEPCO and was capable of providing an estimated 1.2 MW of load reduction, and three customers participated in the Emergency Program and were capable of providing an estimated .25 MW of load reduction.⁴³ End Use Customers may also participate in these programs directly with PJM or through a competitive curtailment service provider.⁴⁴ PJM's demand response programs have been in place and in use with successful results since June 1, 2002.⁴⁵ More than 6,000 commercial and industrial facilities (with a demand greater than 100 kW) and more than 45,000 small commercial and residential sites participate in PJM's demand response programs.⁴⁶

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.*

⁴³ *See F.C. No. 1004, Report of the DR Working Group at 2 (May 8, 2006)* ("DR Working Group Report").

⁴⁴ *See* PJM Tariff at 256M.

⁴⁵ *See* www.pjm.com/services/demand-response/demand-response.html.

⁴⁶ *See* PJM Demand Response Brochure located at <http://www.pjm.com/services/demand-response/downloads/documentation/dsr-brochure.pdf>

In 2005, PJM recorded a total load reduction of 113,392 MWh as attributable to its demand response programs.⁴⁷

(2) *PEPCO's Voluntary Load Reduction Program*

In addition to encouraging customer participation in PJM's demand response programs, PEPCO also offers a Voluntary Load Reduction Program of its own. Under this program, large participating customers may agree to reduce their loads during extreme electric system conditions.⁴⁸ Approximately 440 commercial customers through PEPCO's service territory participate in this program, more than 180 of which are located in the District of Columbia.⁴⁹ According to PEPCO, its staff is working with large customers in the affected downtown area of the District to encourage their enrollment in this Program as a consequence of the Potomac River Plant emergency.⁵⁰

(3) *DCPSC's Reliability Energy Trust Fund ("RETF") Programs*

Under the District of Columbia Retail Electric Competition and Consumer Protection Act of 1999 ("Act"),⁵¹ the DCPSC was required to establish a universal service program to assist low-income customers in the District with their energy bills,⁵² as well as programs to promote

⁴⁷ See Overview of Demand Response in PJM, presentation given by Susan Covino (PJM) at "Demand Response in Downtown DC – A Workshop for Federal Facilities," Washington, DC (April 26, 2006), located at http://www1.eere.energy.gov/femp/pdfs/demandresp0406_covino.pdf.

⁴⁸ See generally PEPCO's Voluntary Load Reduction Program, presentation given by James Pringle (PEPCO) at "Demand Response in Downtown DC – A Workshop for Federal Facilities," Washington, DC (April 26, 2006), located at http://www1.eere.energy.gov/femp/pdfs/demandresp0406_pringle.pdf.

⁴⁹ DR Working Group Report at 3.

⁵⁰ *Id.*

⁵¹ D.C. Law 13-107.

⁵² Section 114(c)(1)(A) of the Act.

energy efficiency⁵³ and the use of energy from renewable resources.⁵⁴ The Act authorized establishment of the RETF to accomplish the development and implementation of these programs.

Pursuant to this mandate, the DCPSC established the RETF effective January 1, 2001, and also approved a number of specific low-income, energy efficiency and renewable programs for funding through the RETF.⁵⁵ These programs facilitate energy load reduction through end-use management and are designed to lower D.C. residents' energy consumption.⁵⁶

(4) *PEPCO's Smart Metering Pilot Program*

On June 1, 2006, PEPCO filed a tariff application⁵⁷ on behalf of the Smart Metering Pilot Program, Inc. ("SMPPI"),⁵⁸ requesting approval to implement a D.C. smart meter project.

⁵³ Section 114(c)(2)(A) of the Act.

⁵⁴ Section 114(c)(3) of the Act.

⁵⁵ See *Formal Case No. 945, Phase II, In The Matter Of the Investigation Into Electric Service Market Competition And Regulatory Practices ("F.C. No. 945")*, Order No. 11876 (Dec. 29, 2000)("December 29 Order").

⁵⁶ Currently, the following RETF programs are administered by the Energy Division of the District's Department of Environment: Renewable Energy Demonstration Project, Distribution Generation and Net Metering, ENERGY STAR Awareness Campaign/Energy Efficiency of the ENERGY STAR Rebate Program, Non-Profit Energy Efficiency Initiative – Green Faith Program, Education and Public Outreach, Home Energy Rating System/Loan Promotion, Institutional Energy Efficiency, ENERGY STAR Appliance and Lighting Rebates, Small Business Energy Efficiency, LIHEAP Expansion and Energy Education, Residential Aid Discount (RAD) Extension, RAD Arrearages Retirement and Education Program, Combined Weatherization Plus and Low-income Appliance, and Weatherization-Rehabilitation. See [http://dceo.dc.gov/dceo/cwp/view,a,3,q,603158,dceoNav,\[32974\].asp](http://dceo.dc.gov/dceo/cwp/view,a,3,q,603158,dceoNav,[32974].asp).

⁵⁷ See *Formal Case No. 1002, The Joint Application of Pepco and the New RC, Inc. for Authorization and Approval of Merger Transaction ("F.C. No. 1002")*, Letter to Dorothy Wideman, Commission Secretary, from Anthony C. Wilson, on behalf of the Smart Meter Pilot Program, filed June 1, 2006 ("Tariff Application").

⁵⁸ SMPPI was created pursuant to a merger Settlement Agreement filed and approved in Formal Case No. 1002. The Settlement Agreement required PEPCO to contribute \$2 million to support the development and implementation of a small customer smart meter pilot program in the District of Columbia. The SMPPI, a non-profit corporation, was established to administer this fund, and is comprised of the following entities: PEPCO; District of

(continued...)

“Smart Metering” involves the use of technology to accurately track residential electricity usage over frequent time intervals. It is a demand response measure allowing residential customers to better manage their energy consumption by providing more detailed information about the amount of energy they are using.

SMPPI designed the proposed smart meter program, entitled SmartPowerDC, to be a two-year pilot program, whereby selected District of Columbia residents from all eight wards would be provided with an opportunity to receive time differentiated pricing signals and demand response enabling technologies. Under the proposal, participating customers would receive a free special “smart meter” installation for their home, which would measure the customer’s electricity use at 15-minute intervals and transmit it to PEPCO every day via a wireless communication link. PEPCO proposes using a solid-state meter called the “iCon.”⁵⁹

Participants in SmartPowerDC are proposed to be billed under one of three pricing options: Hourly Pricing (“HP”), Critical Peak Pricing (“CPP”) or Critical Peak Rebate (“CPR”).⁶⁰ Under HP, electricity prices will vary hourly, and set the day ahead based on the prices in the “day-ahead” wholesale market operated by the PJM Interconnection. Under CPP, customers will face two prices: (1) critical peak prices, and (2) prices for all other hours. CPP

Columbia Office of the People’s Counsel (“OPC”); District of Columbia Consumer Utility Board (“CUB”); International Brotherhood of Electric Workers Local 1900 (“IBEW”); and the DCPSC. *See* F.C. No. 1002, Unanimous Agreement of Stipulation and Full Settlement (Feb. 27, 2002)(“Settlement Agreement”); *see also* F.C. No. 1002, Order No. 12395 rel. (May 1, 2002).

⁵⁹ Also, on June 1, 2006, PEPCO filed a Meter Application requesting approval to use the “iCon” for the SmartPowerDC program. *See* F.C. No. 1002, Letter to Dorothy Wideman, Commission Secretary, from Anthony C. Wilson, on behalf of the Smart Meter Pilot Program (June 1, 2006)(“Meter Application”). On June 22, 2006, the DCPSC issued Order No. 13985, seeking comments on PEPCO’s proposed smart meter pilot program. *See* F.C. No. 1002, Order No. 13985 (June 22, 2006). No comments were received.

⁶⁰ *See* Tariff Application, Attachment A at 3.

will be in effect for four hours on critical peak days, of which there are 15 each year. Under CPR, customers will continue to pay the same generation charges as Standard Offer Service. However, during critical peak events, CPR customers can earn rebates by reducing their consumption below what they would normally have used during those times.

On June 30, 2006, the DCPSC issued a Notice of Proposed Rulemaking inviting the public to comment on PEPCO's application.⁶¹ On September 11, 2006, the DCPSC requested PEPCO and/or SMPPI to comment on certain specific issues concerning the proposed program.⁶² On September 21, 2006, the DCPSC approved the "iCon" as the "smart meter" for the SmartPowerDC program.⁶³ Following the DCPSC's evaluation of the materials submitted by PEPCO, SMPPI and other interested parties, final action will be taken on the proposed SmartPowerDC program.

(5) *Demand Response Working Group*

On March 23, 2006, the DCPSC issued an order establishing a Demand Response Working Group ("Working Group") to consider the feasibility and reasonableness of instituting additional demand response programs in the areas served by the Potomac River Plant and

⁶¹ 53 D.C. Reg. 5275-5276.

⁶² See F.C. No. 1002, Order No. 14045 (Sept. 11, 2006). Specifically, the DCPSC requested additional information with regard to how consumer education would be addressed in the pilot program, whether pricing and billings alternatives should be made available to consumers in order to mitigate potential adverse bill impacts, and whether consumers should have the option to create a default position that goes into effect automatically when critical peak conditions arise.

⁶³ See F.C. No. 1002, Order No. 14062 (Sept. 21, 2006).

associated PEPCO substation located in Alexandria, Virginia.⁶⁴ The Working Group consisted of: PEPCO, the District of Columbia Office of the People's Counsel ("OPC"), U.S. Government Accountability Office, U.S. General Services Administration ("GSA"), PEPCO Energy Services, Constellation NewEnergy, Inc.; EnerNOC, Inc. ("EnerNOC"); ConsumerPowerline; Converge, Inc.; the World Bank; the District of Columbia Office of the Attorney General; District of Columbia Energy Office; the Architect of the Capitol; the U.S. Department of Energy Federal Energy Management Program; and DCPSC staff. The March 23 Order directed the Working Group to meet regularly to discuss the demand response issues related to the Secretary's December 20 Order and required it to report to the DCPSC regarding the feasibility of special demand response programs in the affected areas. The Working Group was directed to consider a number of specific questions pertaining to the feasibility and impact of an additional demand response program.⁶⁵

On May 8, 2006, the Working Group submitted its Report in response to the March 23 Order. While the Report revealed overall support for long-term demand response initiatives, Working Group members disagreed on the need and feasibility of an additional near-term/short-term demand response program. Thus, PEPCO believed that a near-term demand response program would not be practicable given the timely completion of the 69 kV transmission upgrade and the demand response programs already in place. PEPCO also argued that requiring it to offer a commercial Curtailable Load Program ("CLP") would be of little benefit in reducing

⁶⁴ See F.C. No. 1044, Order No. 13907 (March 23, 2006) ("March 23 Order"). A copy of the March 23 Order was attached to the DCPSC's Comments filed with the DOE on March 23, 2006 in the instant docket. See *District of Columbia Public Service Commission*, Comments of the District of Columbia Public Service Commission, Docket No. EO-05-01 (filed Mar. 23, 2006).

⁶⁵ See March 23 Order at P3.

peak demand unless significant changes can be made to the current customer incentive structure and system technologies.⁶⁶ In addition, PEPCO argued that its customers are free to participate in load reduction programs offered by Load Serving Entities, Curtailment Service Providers (including PEPCO) or directly through PJM. Accordingly, PEPCO believed it would be more efficient to continue its efforts to recruit government and commercial facilities into the PJM economic and emergency demand response program and its Voluntary Load Reduction Program.⁶⁷

Similarly, OPC expressed concerns about the potential for added consumer burdens that would result from adopting and funding a demand response program aimed at one or two summers (2006 and 2007) or until the entire transmission upgrade project is complete.⁶⁸ According to OPC, consumers were facing an increase in electric supply costs by PEPCO, and electric distribution rates would be the subject of a rate case proceeding next year. Consequently, OPC argued that any further increases in rates to consumers should be carefully scrutinized to ensure that consumers receive resulting tangible benefits. Given that PEPCO and PJM offer voluntary load reductions that do not affect current rates to consumers, that PEPCO anticipated its 69 kV transmission line to meet its service obligation for the 2006 summer, and that installation of the 230 kV transmission lines would further enhance the transmission system

⁶⁶ DR Working Group Report at 4. In PEPCO's past experience with CLP, which was in effect until 2004, only a small amount of load actually participated in the program, providing a demand response of less than 1 percent. *Id.*

⁶⁷ *Id.* at 10.

⁶⁸ *Id.* at 10, 14 (District of Columbia Energy Office expressing similar concerns regarding the financial burden that such short-term programs would impose on D.C. ratepayers given the season of increasing energy costs).

by the summer of 2007, OPC was of the view that these measures taken together mitigated the need for any short-term demand response measures.⁶⁹

Sharing concerns about the significant costs potentially associated with developing short-term programs, several Working Group members supported PEPCO's continued administration of its Voluntary Load Reduction Program and use of PJM's emergency and economic demand response programs.⁷⁰ Additionally, a number of parties objected to initiating any program that would require them to turn over their systems to third-party curtailment service providers while indicating their willingness to participate in load reduction programs, such as PEPCO's existing Voluntary Load Reduction Program.⁷¹

While two Working Group members submitted their demand response proposals, they also recognized the cost and timing concerns involved, especially in light of the existing programs. In sum, the Working Group concluded that, although customers in Central D.C. can provide additional demand response, it was not clear whether sufficient additional quantities of demand response could be implemented in the very near-term at reasonable cost.⁷²

On May 15, 2006, the DCPSC issued an order requesting comments on the Report.⁷³ Following the notice and comment period, on September 8, 2006, the DCPSC issued Order No. 14043, finding that, with the on-going demand response initiatives already in place and transmission upgrades underway, an additional short-term demand response program would be unnecessary and not cost-effective.⁷⁴ With regard to long-term demand response, however, the

⁶⁹ *Id.* at 10-11.

⁷⁰ *Id.* at 10, 12-13 (including the OPC, PEPCO Energy Services and EnerNOC).

⁷¹ *Id.* at 11-13 (including the GSA, World Bank, and ConsumerPowerLine).

⁷² *Id.* at 3.

⁷³ *See* F.C. No. 1004, Order No. 13942 (May 15, 2006).

⁷⁴ *See* F.C. No. 1004, Order No. 14043, P5 (Sept. 8, 2006).

DCPSC noted that it would revisit the issue, including smart metering standards, pursuant to the Energy Policy Act of 2005 (“EPAAct 2005”).⁷⁵

(6) *Implementation of EPAAct 2005*

On July 31, 2006, the DCPSC issued Order No. 14016, soliciting comments on whether, and to what extent, the DCPSC should initiate proceedings or modify existing proceedings to meet the requirements of EPAAct 2005.⁷⁶ Among other things, EPAAct 2005 amended the Public Utility Regulatory Policies Act of 1978 to include five new standards to address conservation and efficiency needs in the electric industry, and accordingly requires states to consider and establish net and smart metering standards.⁷⁷ As explained above, the DCPSC had already instituted a smart metering initiative. Despite that, Order No. 14016 sought comments on whether further actions should be required by the DCPSC in order to comply with EPAAct’s directives. Through this on-going proceeding, the DCPSC is allowing interested parties to raise any other demand response issues and/or alternatives that have not been addressed through the DCPSC’s various proceedings thus far.

III. THE NEED FOR THE EMERGENCY MEASURES AUTHORIZED BY THE DECEMBER 20 ORDER CONTINUES.

Despite the efforts described above, the Potomac River Plant emergency will remain in effect at least until the planned 230 kV lines are operational. In the December 20 Order, the Secretary found that the emergency exists “because of the reasonable possibility an outage will occur that would cause a blackout, the number and importance of facilities and operations in our Nation’s Capital that would be potentially affected by such a blackout, the extended number of

⁷⁵ See Energy Policy Act of 2005, Pub.L. 109-58, Title XII, Aug. 8, 2005, 119 Stat 594.

⁷⁶ See Formal Case No. 1049, *In The Matter Of The Implementation Of The Public Utility Regulatory Policy Act Standards Required By The Energy Policy Act Of 2005*, Order No. 14016 (July 31, 2006).

⁷⁷ See EPAAct 2005, Pub. L. 109-58, title XII, §§ 1251, 1252, 1253, 1254.

hours of any blackout that might in fact occur, and the fact that the current situation violates applicable reliability standards.”⁷⁸ The December 20 Order explained that “if the [Potomac River] plant is not available to generate electricity and one of the two transmission lines serving the Central D.C. area goes out of service, the Central D.C. area would be served by only one transmission line” and, if that line fails for any reason, “a blackout would occur in the Central D.C. area, potentially for an extended period of time.”⁷⁹ In subsequent orders issued in this proceeding, the DOE recognized that this emergency cannot be alleviated until PEPCO’s proposed 230 kV lines are placed in operation.⁸⁰ The emergency, therefore, will remain in effect at least until the expected completion date of the 230 kV transmission lines.

This conclusion is supported by the joint reliability plan for the Washington, D.C. region that PEPCO and PJM filed in compliance with FERC’s January 9 Order. In the January 9 Order, FERC directed PEPCO and PJM to file a joint plan addressing electric reliability in the greater Washington, D.C. area (1) during the effectiveness of the December 20 Order and (2) from the termination of the December 20 order until construction of PEPCO’s proposed transmission lines is completed.⁸¹ The Transmission Plan filed by PEPCO and PJM confirms that, unless the Secretary extends his December 20 Order, the reliability situation in the District of Columbia will be compromised. It explains that “without an extension of [the December 20] order, given that the new circuits are not scheduled to be in service until June 2007, operation of the Pepco transmission system may revert to the unacceptable reliability level that existed prior to the December 20 DOE Order” and that “the most effective longer-term operating plan would be that

⁷⁸ See December 20 Order at 6.

⁷⁹ *Id.* at 6-7.

⁸⁰ See Extension Order at 2; Letter Order from Mr. Kevin Kolevar to Mr. Robert Driscoll, at 2 (June 2, 2006).

⁸¹ See January 9 Order at PP30-31.

the DOE would extend the effectiveness of the December 20 DOE Order to make available and run the Potomac River Plant until Pepco completes construction of the [proposed upgrades].”⁸²

The DCPSC submits that any reversion “to the unacceptable reliability level that existed prior to the December 20 DOE Order” would be impermissible. In its January 9 Order, the FERC found that “reliability is seriously endangered on the transmission system serving the Potomac River substation as a result of shutting down the Plant, including violations in planning and operation criteria.”⁸³ The FERC further concluded that “without generation from the Plant and under certain transmission outage scenarios, PJM may need to shed load to maintain system reliability” and that all loads at the Potomac River substation could be shed, including critical load in downtown Washington D.C.⁸⁴ The FERC determined that such system operation could result in reliability criteria violations.⁸⁵ The DOE should not allow a reversion to a situation in which PEPCO and PJM are likely to violate applicable reliability standards with potentially dangerous consequences for national security and public safety.

The bottom line is that there is no substitute for the requested extension. The factors that compelled the Secretary to issue the December 20 Order continue to be in effect. It is undisputed that the Potomac River Plant’s operation authorized by the Secretary remains indispensable to ensuring reliable service in the Nation’s Capital. It is only after the proposed 230 kV lines are placed in operation that the reliability situation in the area can be meaningfully reassessed and the need for continuation of any emergency measures reviewed. Until then, the December 20 Order should remain in effect.

⁸² See Transmission Reliability Plan at 6 (February 8, 2006)(public version).

⁸³ See January 9 Order at P23.

⁸⁴ *Id.*

⁸⁵ *Id.* at P24.

IV. CONCLUSION

WHEREFORE, for the foregoing reasons, the District of Columbia Public Service Commission respectfully requests that the Secretary's Order issued in this docket on December 20, 2005, and all of the terms and conditions thereof, be extended until the date PEPCO's proposed upgrades become operational, or such time that the DOE, PJM, PEPCO, and the DCPSC have determined that reliability of electric energy supply and safety and security issues are clarified and satisfactorily resolved.

Respectfully Submitted,

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ATTORNEYS FOR THE PUBLIC
SERVICE COMMISSION OF THE
DISTRICT OF COLUMBIA

DATED: November 21, 2006

ATTACHMENT A

**PEPCO/PJM Transmission Reliability Plan
filed in FERC Docket No. EL05-145-000
(public version)**

PUBLIC

**CRITICAL ENERGY INFRASTRUCTURE INFORMATION
REMOVED FOR PRIVILEGED TREATMENT**



A PHI Company

Kirk J. Emge
701 Ninth Street, NW
Washington, D.C. 20068
202-872-2890

February 8, 2006

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

FILED
OFFICE OF THE
SECRETARY
2006 FEB - 8 P 3 06
FEDERAL ENERGY
REGULATORY COMMISSION

Re: District of Columbia Public Service Commission, Docket No. EL05-145-0500
Joint Compliance Filing of Potomac Electric Power Company and PJM
Interconnection, L.L.C.

Dear Ms. Salas:

Potomac Electric Power Company ("Pepco") and PJM Interconnection, L.L.C. ("PJM") hereby jointly submit for filing a reliability plan for the Washington, D.C. region in compliance with the Order on Petition and Complaint issued by the Federal Energy Regulatory Commission ("Commission") on January 9, 2006 ("January 9 Order").¹ Specifically, Ordering Paragraphs A and B of the January 9 Order direct Pepco and PJM to file jointly, within one month of that order, (1) a comprehensive operational, planning, and construction plan, including applicable milestone events with projected completion dates, to provide adequate reliability in the transmission system serving the Potomac River substation, and (2) a plan to provide adequate reliability in the transmission system serving the Potomac River substation until a long-term solution is in place. The Potomac River Substation Transmission Reliability Plan (the "Transmission Reliability Plan"), included in Attachment A hereto, and the timeline included in Attachment B provide this information as required in the January 9 Order.

Request for CEII Treatment: Pursuant to 18 C.F.R. §§ 388.112 and 388.113, Pepco and PJM request privileged treatment of Attachment A hereto. Certain information in this attachment contains Critical Energy Infrastructure Information ("CEII"), which relates to the production, generation, transportation, or distribution of energy and could be useful to a person in planning an attack on critical infrastructure. Accordingly, Pepco and PJM are providing, under seal, an original and two copies of a confidential version of the responses including the CEII, and an original and fourteen

¹ District of Columbia Pub. Serv. Comm'n., 114 FERC ¶ 61,017 (2006).

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copies of a public version of the responses, with the CEII removed. The contact persons for the purposes of this request for CEII treatment are designated below.

I. Contents of Filing

This compliance filing consists of the following:

1. This filing letter;
2. Transmission Reliability Plan (Attachment A);
3. Project Timeline (Attachment B).

II. Statement of Issues

Consistent with Rule 203(a)(7),² PJM and Pepco provide the following Statement of Issues setting forth the positions taken herein, to the extent known, and the basis in fact and law for each position.³

1. The essential issue this filing presents is whether this compliance filing, including the attachments hereto, satisfies the requirements of the Commission's January 9 Order.

The Transmission Reliability Plan and the corresponding timeline contained in Attachments A and B comply with the requirements in the January 9 Order. Therefore, this compliance filing fully responds to the January 9 Order, and PJM and Pepco request that the Commission accept this filing.

III. Background

On August 24, 2005, the District of Columbia Public Service Commission ("DC PSC") filed a petition and complaint requesting that because of serious reliability concerns in the greater Washington, D.C. area, the Commission prevent Mirant Potomac River, LLC⁴ from shutting down its Potomac River Generating Station power plant

² 18 C.F.R. § 385.203(a)(7) (2005).

³ The positions of Pepco and PJM on additional issues that may arise in the course of this proceeding will be identified in subsequent Statements of Issues, as appropriate, in compliance with Rule 203(a)(7).

⁴ Pursuant to an Assignment and Assumption Agreement dated December 19, 2000, between Pepco, Mirant Corp. and each Mirant subsidiary (including Mirant Potomac River, LLC, d/b/a Southern Energy

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("Potomac River Plant" or "Plant"). The DC PSC also filed the same petition with the U.S. Department of Energy ("DOE"), requesting emergency action under section 202(c) of the Federal Power Act ("FPA").

On December 20, 2005, the Secretary of Energy entered an order ("December 20 DOE Order") finding that an emergency exists under section FPA 202(c) in the Washington, D.C. area due to shortages in electric energy, facilities for the generation of electric energy, and facilities for the transmission of electric energy, as well as other causes.⁵ The December 20 DOE Order required that Mirant operate the Potomac River Plant under certain circumstances in a manner that provides reasonable electric reliability, but that also minimizes any environmental harm from operation of the Plant. In addition, the December 20 DOE Order directed Mirant to submit a plan to DOE detailing the steps it will take to comply with the order. The effectiveness of the December 20 DOE Order terminates at 12:01 a.m., October 1, 2006.

Mirant submitted its operations plan on December 30, 2005. Mirant's plan provides that during the periods when one or both 230 kV transmission lines are out of service because of maintenance or a forced outage, all five Potomac River Plant generators will be operated in accordance with PJM instructions, to meet the demand on the Potomac River substation. The plan also set forth two options for operating the Plant when both transmission lines are in service. On January 4, 2006, DOE issued a letter directing Mirant to implement "Option A" for an interim period while DOE continues its review. "Option A" requires that Mirant operate the Potomac River Plant on a limited basis for certain planned or unplanned transmission outages and load levels.⁶

On January 9, 2006, the Commission issued the January 9 Order, to which this compliance filing responds. The January 9 Order complements the December 20 DOE Order and directs that PJM and Pepco jointly file a plan to address electric reliability in the greater Washington, D.C. area (1) during the effectiveness of the December 20 DOE

Potomac River, LLC), the Mirant subsidiaries and Mirant agreed to perform Mirant's obligations under the contract of sale, including those arising under the Local Area Support Agreement. As such, references to "Mirant" herein are intended to encompass Mirant Corp. and each of its subsidiaries.

⁵ District of Columbia Public Service Commission, DOE Docket No. EO-05-01, DOE Order No. 202-05-3, Dec. 20, 2005.

⁶ Pepco responded to DOE on January 9, 2006 with comments on Mirant's operating plan. While the plan as implemented by DOE provides some reliability improvement, it will not satisfy the concerns identified by DOE in its decision and order. Pepco submitted that Option "B" should be considered and urged DOE to implement a compliance plan that fully meets the requirements of the DOE Potomac River Order and restores system reliability to the levels existing prior to Mirant's unilateral shutdown in August 2005.

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Order and (2) from the termination of the December 20 DOE Order until construction of Pepco's proposed transmission lines is completed.

IV. Description of Filing

The January 9 Order requires that PJM and Pepco jointly file a comprehensive operational, planning and construction plan for two stated time periods and in specifically stated circumstances. In particular, the January 9 Order directs PJM and Pepco "to develop and implement comprehensive long-term plans for the operation, planning and construction of transmission facilities to address the current reliability risks to the system. Specifically, PJM and Pepco are ordered to identify the necessary project milestones, with their applicable dates, beginning one month from [the January 9 Order] through the projected completion of the long-term solutions."⁷

As required by the January 9 Order, the Transmission Reliability Plan explains how PJM and Pepco anticipate maintaining adequate reliability during the following conditions:

(1) with and without the Potomac River Plant during planned and forced outages for the duration of the Department of Energy order, which terminates on October 1, 2006, and

(2) with and without the Plant during planned and forced outages for the time between October 1, 2006 (the end of the Department of Energy order) and when the long-term solution is in place.

Attachment A contains the Transmission Reliability Plan prepared jointly by PJM and Pepco, and Attachment B contains the project timeline applicable to the Transmission Reliability Plan. This Transmission Reliability Plan and timeline fully comply with the Commission's requirements set forth in the January 9 Order.

⁷ January 9 Order at P 30. It should be noted at the outset that PJM is planning for the overall reliability of the greater Washington, D.C. area, including addressing constraints in the Bedington-Black Oak area. PJM will continue to review those larger matters through its Regional Transmission Expansion Planning ("RTEP") process. Certain upgrades beneficial to the larger Washington, D.C. region have already been authorized in PJM's current RTEP filed with the Commission. See PJM Interconnection, L.L.C., Docket No. ER06-456. PJM anticipates that further RTEP enhancements specific to this region will be identified and appropriate cost allocations for these enhancements will be filed with the Commission. Finally, PJM notes that it has recently expanded its regional planning process to employ a longer term planning horizon.

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V. Correspondence

All correspondence and communications concerning this filing should be directed to:

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Pepco and PJM request that the Commission include the persons designated above on the official service list for this proceeding.⁸

⁸ To the extent necessary, Pepco and PJM request waiver of 18 C.F.R. § 38.2010(k) to accept more than two persons on the service list, since the instant filing is a joint compliance filing of two individual companies.

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VI. Conclusion

Wherefore, Pepco and PJM respectfully request that the Commission accept this filing, including the Transmission Reliability Plan and time line attached hereto, as complete compliance with the January 9 Order.

Respectfully submitted,

/s/ Kirk J. Emge

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Attachments

**CRITICAL ENERGY INFRASTRUCTURE INFORMATION
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ATTACHMENT A

**POTOMAC RIVER SUBSTATION
TRANSMISSION RELIABILITY PLAN
FERC DOCKET NO. EL05-145**

COMMISSION REQUIREMENTS

On January 9, 2006, the Federal Energy Regulatory Commission ("Commission") issued an "Order On Petition And Complaint" in Docket No. EL05-145 ("January 9 Order"). *District of Columbia Pub. Serv. Comm'n*, 114 FERC ¶ 61, 017 (2006). This Commission order was a companion order to an order issued by the Department of Energy ("DOE") on December 20, 2005 ("December 20 DOE Order"), in which the DOE found that an emergency exists under section 202(c), and required that Mirant Corporation and certain of its utility subsidiaries (collectively, "Mirant") (1) operate the Potomac River Generating Station power plant ("Potomac River Plant" or "Plant") in a manner that provides reasonable electric reliability but that also minimizes any environmental harm from operation of the Plant and (2) submit a plan detailing the steps Mirant will take to implement the order. By its terms, the December 20 DOE Order terminates at 12:01 a.m. on October 1, 2006.

In the January 9 Order, the Commission required that PJM and Pepco jointly file certain information related to transmission reliability in the Washington, D.C. area in light of the December 20 DOE Order. Specifically, the order states:

PJM and Pepco are obligated under the PJM OATT to be in compliance with NERC and PJM Reliability Standards; however, PJM's and Pepco's current transmission system has been shown to have a high probability of violating these standards. Given that PJM and Pepco are working on alternatives to mitigate reliability risk, the Commission directs them to develop and implement comprehensive long-term plans for the operation, planning and construction of transmission facilities to address the current reliability risks to the system. Specifically, PJM and Pepco are ordered to identify the necessary project milestones, with their applicable dates, beginning one month from this order through the projected completion of the long-term solutions.

... [T]he Department of Energy has not required the transmission entities to operate in accordance with applicable reliability standards or to identify the necessary operational, planning, and construction milestones necessary to address the reliability risks. Therefore, in coordination with the Department of Energy order, the Commission orders PJM and Pepco to jointly develop a plan to maintain adequate reliability during the following conditions: (1) with and without the Plant during planned and forced outages for the duration of the Department of Energy order, and (2) with and without the Plant during planned and forced outages for the time between the end of the Department of Energy order and when a long-term

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solution is in place. This plan, which should include a supporting study report and a timeline and description of milestones, shall be submitted to the Commission within one month from the date of this order.¹

In accordance with these requirements, this Transmission Reliability Plan provides (1) a near-term operating plan with the Potomac River Plant operational; (2) a near-term operating plan without the Potomac River Plant operational; (3) a near-term construction plan; (4) a long-term operating plan with the Potomac River Plant operational; (5) a long-term operating plan without the Potomac River Plant operational; and (6) a long-term construction plan.

BACKGROUND

Minimum reliability standards govern PJM and Pepco in their operation and planning of the transmission system.² However, compliance with these standards do not, nor could any set of standards, guarantee absolute reliability. The reliability of the electrical system in PJM is impacted by three major variables – transmission, generation and load. The existence of these variables in the reliability equation requires making assumptions about their future state.³ Given that some level of error is inherent in any assumption, it follows that the reliability planning process is not an exact science capable of achieving infallible system security. In addition, cost must be considered in the reliability planning process.⁴ While overbuilding the system may significantly mitigate reliability risks, at a certain point costs outweigh benefits and the reliability returns diminish to the point where it does not make economic sense to plan the system to further mitigate the residual risks. Thus, the difference between a reliable system and an unreliable system is not one of distinction, but rather of degree. Furthermore, identifying the optimal point of balance on the reliability spectrum necessarily involves a matter of judgment.

While this judgment is informed by complex forecasting and modeling, PJM must nonetheless engage in a planning process that makes assumptions as to the dynamics of the aforementioned three major variables – transmission, generation and load. For

¹ January 9 Order, at PP 30-31.

² See PJM Amended and Restated Operating Agreement §§ 10.4(iv), 11.3.2, 11.4 and PJM Amended and Restated Operating Agreement, Schedule 6, Regional Transmission Expansion Planning Protocol ("RTEP").

³ See generally RTEP Sections §§ 1.4(b), 1.5.2 and 1.5.

⁴ See, e.g., RTEP §§ 1.4(a), 1.4(d) and 1.5.6(i).

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example, the question of whether or not to plan for future transmission is critically impacted by the expected availability and location of generation. Yet decisions to build, locate or retire generation are not at all within PJM or Pepco's control. Market forces, evolving environmental standards and other exogenous factors drive these decisions. Notwithstanding the contention of certain parties involved in the Potomac River debate, it cannot be assumed that merely because a plant is "old" it should be expected to retire. Indeed, it would appear that both Mirant and the Virginia governmental parties in this matter have very different visions of what the future should hold with respect to the Potomac River Plant. Mirant is confident it will ultimately address the environmental challenges currently facing the Plant and PJM and Pepco should plan on a fully operational Potomac River Plant in the future.⁵ One suspects that both Virginia governmental parties do not share in this confidence and would instruct PJM and Pepco to expect the Plant to be completely shutdown in the near term.

Certainty on this question would no doubt improve decisions by PJM and Pepco regarding future transmission requirements. Indeed, under an assumption that the Potomac River Plant would return to full operation in the near term, additional investment to the transmission system at this time likely would be unnecessary because both PJM and Pepco believe the system, in its state immediately prior to the August 24, 2005 Potomac River Plant shutdown, provided acceptable reliability to the District of Columbia. However, regardless of Mirant's stated intention to restore the Potomac River Plant to normal service, the external variables in this proceeding present sufficient risk to the future of the Potomac River Plant that the filing parties believe the prudent course of action is to expedite upgrade of the transmission system for the particular local area served by the Potomac River Plant and substation.⁶

⁵ See Operating Plan of Mirant Potomac River, LLC In Compliance With Order No. 202-05-03 in *District of Columbia Public Serv. Comm'n*, DOE Docket No. EO-05-01, DOE Order No. 202-05-3, Dec. 20, 2005.

⁶ As stated in footnote 7 of the transmittal letter to this Attachment A, through its RTEP, PJM is reviewing the overall reliability of the greater Washington, D.C. area and upgrades needed to enhance that reliability. In so doing, PJM is using its new longer term planning horizon. Consistent with the Commission's order in this docket, this response addresses the local reliability issues associated with the Potomac River Plant. PJM will be filing the results of its system-wide RTEP process, which will include reliability upgrades to the greater Washington, D.C. area, in specific cost allocation filings with this Commission once that process has been finalized and the RTEP plan has been approved by the PJM Board of Managers.

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TRANSMISSION RELIABILITY PLAN

Based on the best understanding of the facts presently available, and given the limitations described above, PJM and Pepco have developed operating and construction plans to maintain reliability in the Washington, D.C. area served by the Potomac River Plant. In accordance with the directives of the January 9 Order, these plans are divided into two time frames: (1) the "near-term," which extends from the date of this Transmission Reliability Plan through and including September 30, 2006, during which time the December 20 DOE Order is initially effective, and (2) the "long-term," which extends from October 1, 2006 until the time the transmission improvements proposed by Pepco are completed.

1. Near-Term Plans

1.1) Near-Term Operating Plan With the Potomac River Plant Operational

PJM will require that the Potomac River Plant run under four potential scenarios:

Scenario

Operating Plan

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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**POTOMAC RIVER SUBSTATION
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Scenario

[REDACTED]

Operating Plan

[REDACTED]

1.2) Near-Term Operating Plan Without the Potomac River Plant Operational

Scenario

[REDACTED]

Operating Plan

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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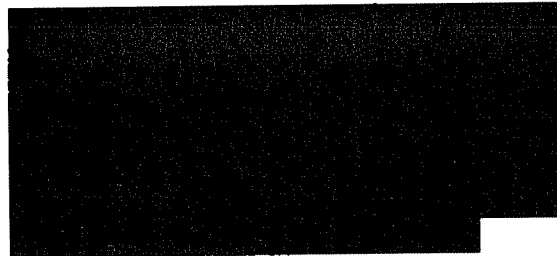
ATTACHMENT A

**POTOMAC RIVER SUBSTATION
TRANSMISSION RELIABILITY PLAN
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Scenario



Operating Plan



1.3) *Near-Term Construction Plan*

To mitigate the risk of having reduced or no generation at the Potomac River Plant, Pepco is proposing to install two 69 kV circuits between the Palmers Corner and Blue Plains substations with a planned in-service date of June 2006. Milestones and projected completion dates are included in Attachment B to this filing. With this construction, the District of Columbia Water and Sewer Authority ("WASA") Blue Plains wastewater treatment plant can be removed from the Potomac River substation and be served from the Palmers Corner substation. This construction will provide two benefits in the near-term: (a) the load served from the Potomac River substation can be reduced, thereby mitigating the risk of having to interrupt customer load above 475 MW; and (b) WASA's Blue Plains plant will have an alternate source of electricity, thereby providing a backup supply in the event the Potomac River Plant supply is lost.

2. Long-Term Plans

2.1) *Long-Term Operating Plan With the Potomac River Plant Operational*

As noted above, the December 20 DOE Order requiring that Mirant generate electricity at the Potomac River Plant terminates at 12:01 a.m. on October 1, 2006. Without an extension of this order, given that the new circuits are not scheduled to be in service until June 2007, operation of the Pepco transmission system may revert to the unacceptable reliability level that existed prior to the December 20 DOE Order. Therefore, the most effective longer-term operating plan would be that the DOE would extend the effectiveness of the December 20 DOE Order to make available and run the Potomac River Plant *until* Pepco completes construction of the additional transmission facilities discussed in Section 2.3 below. With such an extension, the operating conditions will be equivalent to those discussed in Sections 1.1 and 1.3 above.

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ATTACHMENT A

**POTOMAC RIVER SUBSTATION
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2.2) *Long-Term Operating Plan Without the Potomac River Plant Operational*

Absent an extension of the December 20 DOE Order, operation of the Pepco transmission system may revert to the unacceptable reliability level that existed prior to that order until Pepco completes construction of the transmission facilities discussed in Section 2.3 below. Operating conditions will be equivalent to those under Section 1.2 above until construction of the proposed 230 kV transmission improvements can be completed as discussed in Section 2.3 below. Mitigation measures will be the same as those discussed in Section 1.2 above.

2.3) *Long-Term Construction Plan*

Pepco has committed to construct, and is currently pursuing the necessary authorizations for, two 230 kV transmission circuits between the Palmers Corner substation and the Blue Plains switching station, with an anticipated in-service date of June 2007. This construction will provide sufficient reliability to relieve all of the operating constraints discussed above. Milestones and projected completion dates for this project are included in Attachment B hereto.

As stated, the long-term construction plan proposed above is anticipated to alleviate all operating constraints discussed herein, including the constraints that result from the scenarios that assume the retirement of the Potomac River Plant. However, for transmission reliability issues that may arise subsequent to this 2007 in-service date for the two 230 kV transmission circuits described above, PJM is evaluating, and will continue to evaluate, within its RTEP process, the need for additional transmission facilities on the Pepco and neighboring systems that may be required to address the potential permanent loss of 482 MW of Potomac River Plant generation on the Pepco system.

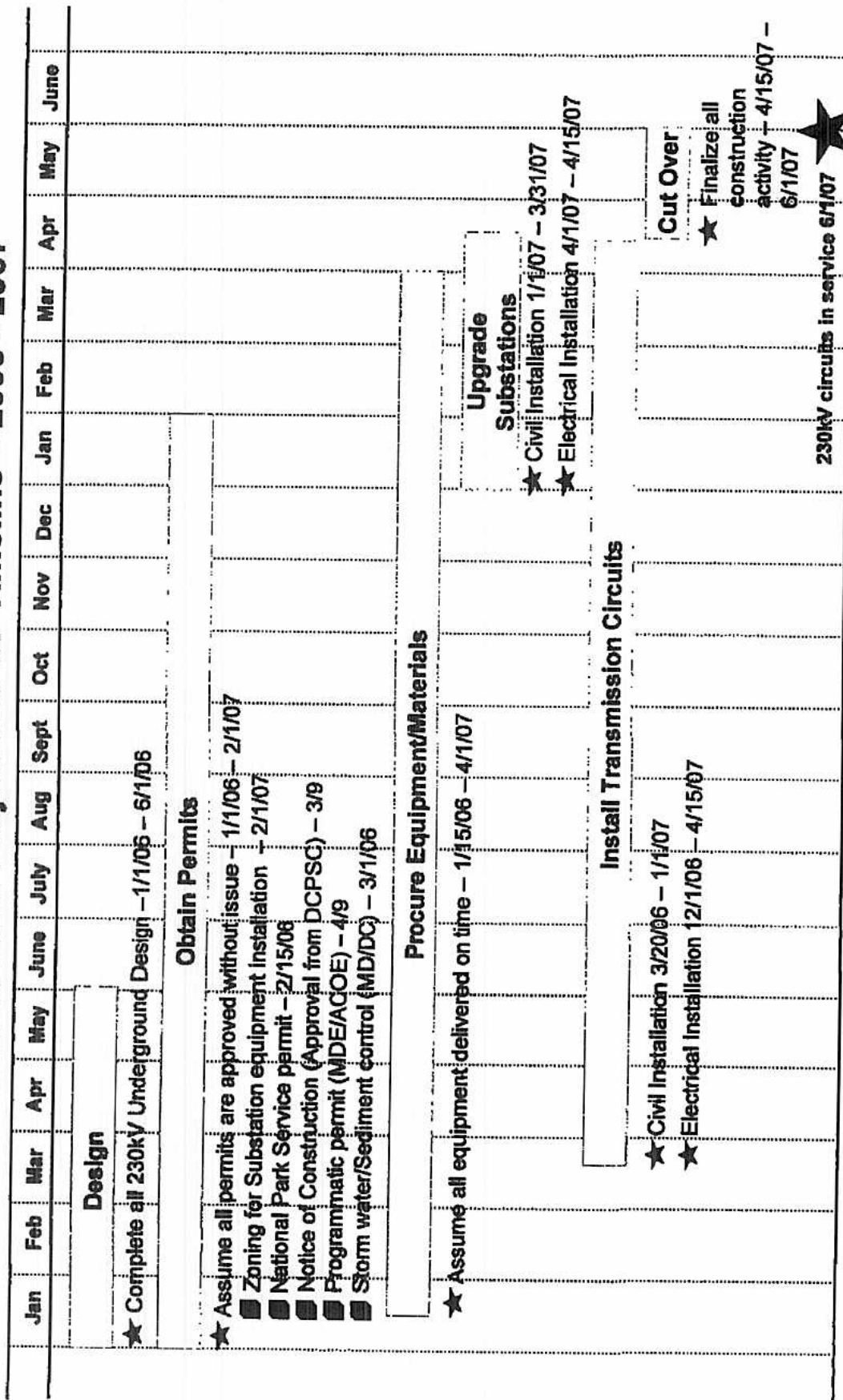
ATTACHMENT B

**TIMELINE FOR TRANSMISSION FACILITIES IN PEPCO ZONE
FERC DOCKET NO. EL05-145**

Potomac River Project 69 kV Timeline - 2006

January	February	March	April	May	June
Design					
★ Complete all 69kV Overhead Design – 12/15/05 – 1/13					
★ Complete all 69kV Underground Design – 12/15/05 – 1/13					
★ Complete all 69kV Substation Design – 12/15/05 – 1/31					
Obtain Permits					
★ Assume all permits are approved without issue – 1/01 – 4/9					
■ CPCN (Approval from the DCPSC) – 3/9					
■ Programmatic permit (MDE/ACOE) – 4-9					
■ National Park Service permit – 2/15					
■ Storm water/Sediment control permits – 2/15					
Procure Equipment/Materials					
★ Assume all equipment delivered on time – 1/15 – 4/1					
Construct Circuits					
			★ Upgrade existing 69kV OH circuits between Livingston Sub and Bald Eagle Road – 3/2 – 3/30		
			★ Install 69kV OH circuits between Bald Eagle Road and the Blue Plains facility – 2/15 – 5/1		
			★ Install 69kV UG circuits at Blue Plains facility – 2/1 – 5/1		
			Cut Over		
			★ Finalize all construction activity – 5/1 – 6/1		
			★ 69kV circuits in service 6/1		

Potomac River Project 230 kV Timeline – 2006 – 2007



ATTACHMENT B

**PEPCO Progress Reports
filed in FERC Docket No. EL05-145-000**



A PHI Company

Helen M. Hight
Assistant General Counsel
Pepco Holdings, Inc.
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Washington, D.C. 20068
202-872-2318

March 8, 2006

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: District of Columbia Public Service Commission, Docket No. EL05-145-000
Monthly Progress Report for February 2006

Dear Ms. Salas:

Pursuant to Ordering Paragraph C of the Order on Petition and Complaint issued by the Federal Energy Regulatory Commission ("Commission") on January 9, 2006 in Docket No. EL05-145,¹ Potomac Electric Power Company ("Pepco"), on behalf of itself and PJM Interconnection, L.L.C., hereby submits the monthly progress report related to construction of the 69 kV and 230 kV lines on the Pepco system for the month of February 2006.

If you have any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

/s/ Helen M. Hight

Helen M. Hight
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Attachments

cc: Lawrence Mansueti, DOE
Vincent Duane, PJM
Craig Glazer, PJM
Matt Morais, PJM

¹ District of Columbia Pub. Serv. Comm'n, 114 FERC ¶ 61,017 (2006).

Potomac River Project Progress Report for February 2006

69kV Circuits

Design

All design documents are complete and have been approved. Bids for 69kV overhead through National Park Service property/DC Impound lot and 69kV underground cable pulling are being developed and should be out to bid by mid March. All other work has been contracted and is under construction.

Obtain Permits

The National Park Service (NPS) did not grant Pepco the Categorical Exclusion that would have enabled 69kV overhead work to begin on NPS property at the beginning of March. NPS has requested that Pepco include the 69kV information in the Environmental Assessment (EA) that is being prepared for the proposed 230kV underground circuits. The EA requires review by NPS as well as a 30 day public review which the project team expects will delay work on NPS property until mid April.

The Certificate of Public Convenience and Necessity (CPCN) was approved by the District of Columbia on March 3, 2006.

Storm water/sediment control permits have been submitted for Segment A, C and D. Approval has been received for Segment A from WSSC. The project team has extended the target date to March 15 allow for approval of the remaining Segments B, C, and D.

Procure Equipment/Material

All materials have been secured in stock or have been ordered for the 69kV portion of the project. Equipment delivery is not expected to impact the construction schedule. All vendors report that they are on schedule.

Construct Circuits:

Pepco's sustaining contractors have begun work on the existing 69kV portion of the route extending from Palmers Corner substation to Livingston Road substation (Segment A). The upgrade of existing circuits between Livingston Road substation and Bald Eagle Road may extend past the March 30 target date pending the signing of the real estate options by the residents of the impacted homes. Pepco is not reporting a new target date because the possibility remains that the March 30 date may be met.

Substation work has begun at Livingston Road substation. Dates for completion have been requested and will be reported in the next monthly report.

Work has begun at WASA's Blue Plains Facility. Crews have begun to lay conduit and manholes at various locations on the property.

Cut Over

Cut over dates will be adjusted as construction completion dates firm up. Pepco anticipates an in-service date of July 1, 2006.

230kV Circuits**Design**

Plan and Profile drawings for Segment A of the project extending from Palmers Corner Substation to the Livingston Road Substation are complete. Work continues on segment C and segment D. All plan and profile drawings should be completed by the end of March.

Electrical design is still being discussed for WASA's Blue Plains CVG 48. Configuration options are being evaluated by both WASA and Pepco. All other substation design work continues. Drawings will be finalized by mid March.

Obtain Permits

An EA is necessary for permission to disturb NPS property. Pepco's contractors will have an EA ready for submittal in mid-March.

The Notice of Construction for the 230kV circuits was approved on March 3, 2006.

Storm water/sediment control permits have been submitted for Segment A, C and D. Approval has been received for Segment A from WSSC. The project team has extended the target date to March 15 to allow for approval of the remaining Segments B, C, and D. These permits include the plans for the 69kV and 230kV circuits.

Procure Equipment/Materials

All materials for 230kV portion of the project have been identified. These materials have been ordered or a letter of intent has been sent to secure the material production and delivery dates. At this time equipment delivery is not expected to impact the construction schedule. All vendors report that they are on schedule.

Upgrade Substations

Detailed schedule is still being developed with work starting later this year and completion by June 2007.

Install Transmission Circuits

Right of way preparation is scheduled to begin in mid March. Construction will begin as soon as the sediment and erosion control plans have been implemented.

Cut Over

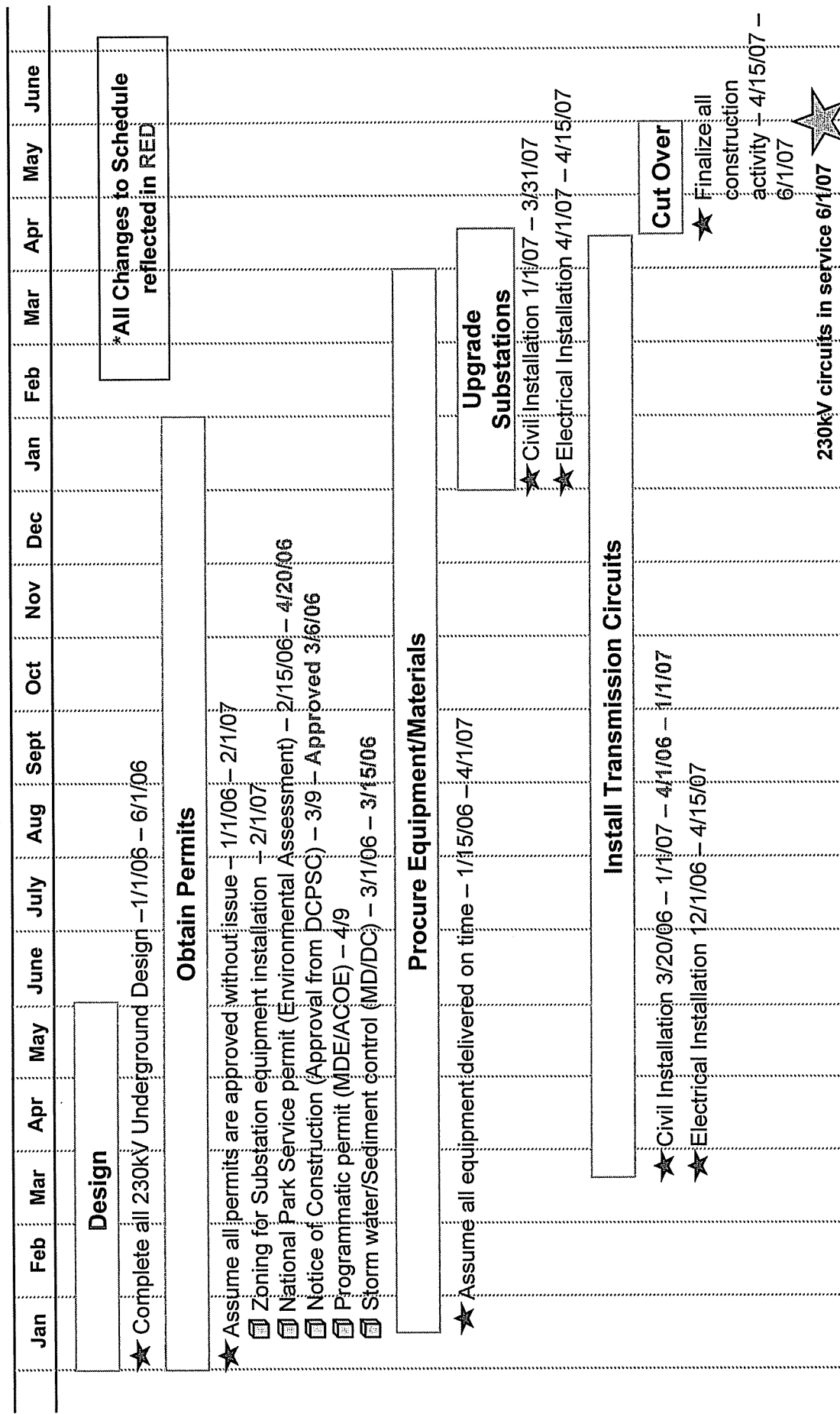
Pepco still anticipates an in-service date of June 1, 2007.

Potomac River Project 69 kV Timeline - 2006

January	February	March	April	May	June
<div>Design</div> <ul style="list-style-type: none"> ★ Complete all 69kV Overhead Design – 12/15/05 – 1/13 - Complete ★ Complete all 69kV Underground Design – 12/15/05 – 1/13 - Complete ★ Complete all 69kV Substation Design – 12/15/05 – 1/31 - Complete 					
<div>Obtain Permits</div> <ul style="list-style-type: none"> ★ Assume all permits are approved without issue – 1/01 – 4/20 ☐ CPCN (Approval from the DCPSC) – 3/9 – Approved 3/6 ☐ Programmatic permit (MDE/ACOE) – 4-9 ☐ National Park Service permit (Environmental Assessment) – 2/15 – 4/20 ☐ Storm water/Sediment control permits – 2/15 – 3/15 					
<div>Procure Equipment/Materials</div> <ul style="list-style-type: none"> ★ Assume all equipment delivered on time – 1/15 – 4/1 					
<div>Construct Circuits</div> <ul style="list-style-type: none"> ★ Upgrade existing 69kV OH circuits between Livingston Sub and Bald Eagle Road – 3/2 – 3/30 ★ Install 69kV OH circuits between Bald Eagle Road and the Blue Plains facility – 2/15 – 5/1 – 5/25 ★ Install 69kV UG circuits at Blue Plains facility – 2/1 – 5/1 					
<div>Cut Over</div> <ul style="list-style-type: none"> ★ Finalize all construction activity – 5/15 – 7/1 ★ 69kV circuits in service 7/1 					

*All Changes to Schedule reflected in RED

Potomac River Project 230 kV Timeline – 2006 - 2007



*All Changes to Schedule reflected in RED

For Progress Report dated March 8, 2006



A PHI Company

Helen M. Hight
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202-872-2318

April 6, 2006

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: District of Columbia Public Service Commission, Docket No. EL05-145-000
Monthly Progress Report for March 2006

Dear Ms. Salas:

Pursuant to Ordering Paragraph C of the Order on Petition and Complaint issued by the Federal Energy Regulatory Commission ("Commission") on January 9, 2006 in Docket No. EL05-145,¹ Potomac Electric Power Company ("Pepco"), on behalf of itself and PJM Interconnection, L.L.C., hereby submits the monthly progress report related to construction of the 69 kV and 230 kV lines on the Pepco system for the month of March 2006.

If you have any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

/s/ Helen M. Hight

Helen M. Hight
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Attachments

cc: Lawrence Mansueti, DOE
Vincent Duane, PJM
Craig Glazer, PJM
Matt Morais, PJM
Service List for EL05-145

¹ District of Columbia Pub. Serv. Comm'n, 114 FERC ¶ 61,017 (2006).

Potomac River Project Progress Report for March 2006

69kV Circuits

Design

Bid documents for 69kV overhead through National Park Service property/DC Impound lot have been developed and are awaiting the final Health & Safety Plan before being released for bid. Prospective contractors have received the design drawings for review. The bid documents for the 69kV underground cable pulling are still in the development phase and should be out to bid by mid-April.

Obtain Permits

Pepco has divided the development of the Environmental Assessment (EA) into two parts: 230kV and 69kV. The 69kV EA final draft was submitted to the National Park Service (NPS) on March 30, 2006. NPS has indicated that after it completes its final internal review and agrees with the EA document, it will release the EA for 30 day public review. At this time, the projected start date for the installation of 69kV circuits on NPS property is May 15, 2006.

An application for the 69kV Programmatic Permit has been submitted and is expected to be approved by early April.

Procure Equipment/Material

All materials have been secured in stock or have been ordered for the 69kV portion of the project. Equipment delivery is not expected to impact the construction schedule. All vendors report that they are on schedule.

Construct Circuits

Pepco's sustaining contractors have completed work on the existing 69kV portion of the route extending from Palmers Corner substation to Livingston Road substation (Segment A). The upgrade of existing circuits between Livingston Road substation and Bald Eagle Road will extend past the March 30 target date, but is expected to be completed by mid-April.

Substation work has begun at Livingston Road substation. Work should be completed by mid-April.

Work has begun at WASA's Blue Plains Facility. Crews have begun to lay conduit and manholes at various locations on the property. 800 feet of conduit have been laid and 2 manholes have been set.

Cut Over

Pepco continues to anticipate an in-service date of July 1, 2006.

230kV Circuits

Design

Plan and profile drawing completion dates have been moved to early April.

Electrical drawings for WASA are being finalized and should be complete by mid-April.

Obtain Permits

The 230kV EA is being prepared for the proposed underground circuits.

The Phase 1 Intensive Archeological Study (shovel testing) has begun on Segment A and will continue for the remaining segments that have been designated as having a high possibility for archeological significance.

The 230kV Programmatic Permit is being developed and should be submitted by the first week of April.

Procure Equipment/Materials

At this time equipment delivery is not expected to impact the construction schedule. All vendors report that they are on schedule.

Upgrade Substations

Detailed schedule is still being developed with work starting later this year and completion by June 2007.

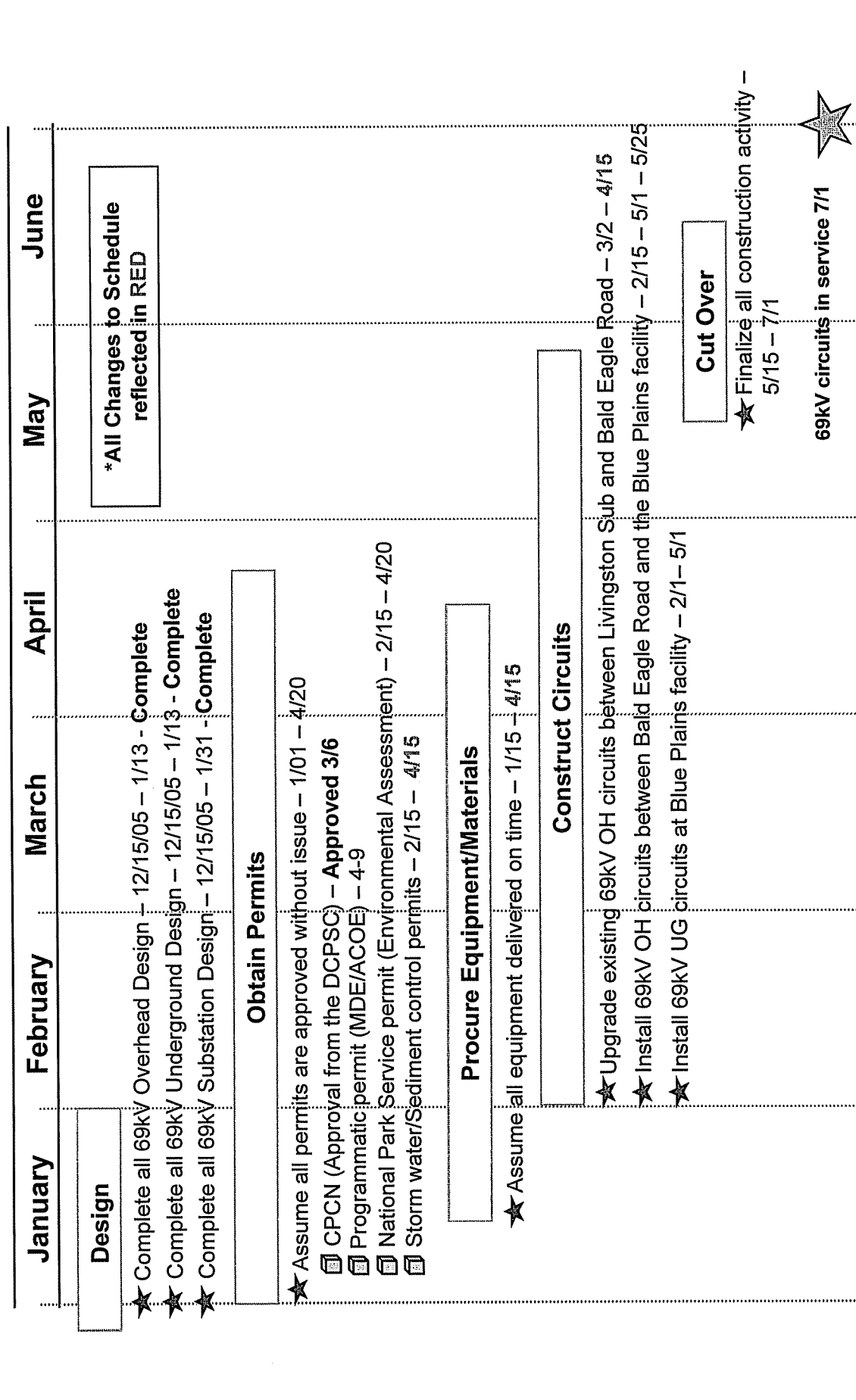
Install Transmission Circuits

Right of way preparation for Segment A is complete. WA Chester reports a mid-April start date for installation. This will begin as soon as the sediment and erosion control plans have been implemented.

Cut Over

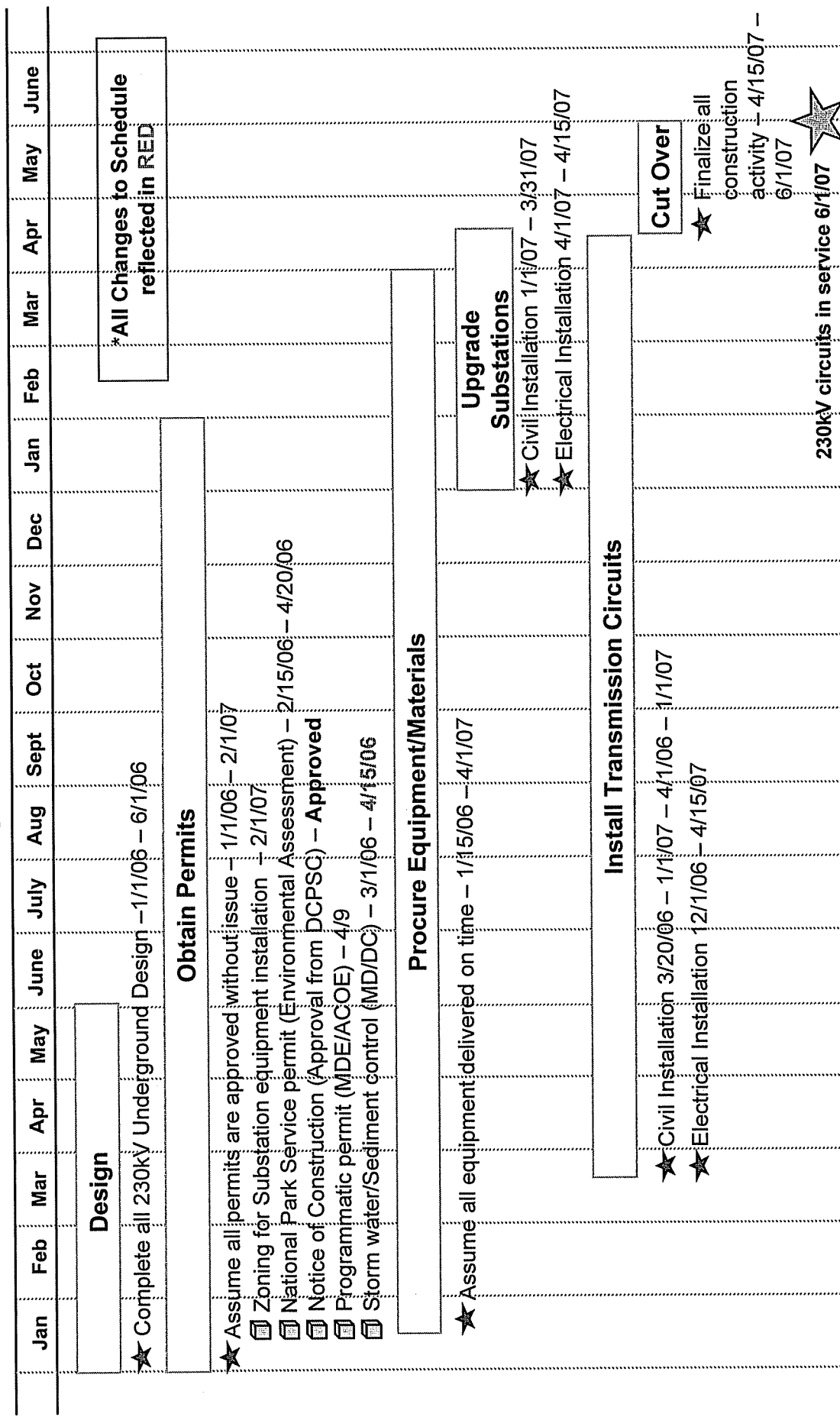
Pepco still anticipates an in-service date of June 1, 2007.

Potomac River Project 69 kV Timeline - 2006



For Progress Report dated April 6, 2006

Potomac River Project 230 kV Timeline – 2006 - 2007



*All Changes to Schedule reflected in RED

For Progress Report dated April 6, 2006



A PHI Company

Helen M. Hight
Assistant General Counsel
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202-872-2318

May 9, 2006

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: District of Columbia Public Service Commission, Docket No. EL05-145-000
Monthly Progress Report for April 2006

Dear Ms. Salas:

Pursuant to Ordering Paragraph C of the Order on Petition and Complaint issued by the Federal Energy Regulatory Commission ("Commission") on January 9, 2006 in Docket No. EL05-145,¹ Potomac Electric Power Company ("Pepco"), on behalf of itself and PJM Interconnection, L.L.C., hereby submits the monthly progress report related to construction of the 69 kV and 230 kV lines on the Pepco system for the month of April 2006.

If you have any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

/s/ Helen M. Hight

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Vincent Duane, PJM
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Matt Morais, PJM
Service List for EL05-145

¹ District of Columbia Pub. Serv. Comm'n, 114 FERC ¶ 61,017 (2006).

Potomac River Project Progress Report for April 2006

69kV Circuits

Design

No design changes have been made to the current design.

Obtain Permits

The National Park Service (NPS) has released the Environmental Assessment (EA) for the 30 day public review. At this time, the projected start date for the installation of 69kV circuits on NPS property is May 22, 2006.

An application for the 69kV Programmatic Permit has been submitted. Pepco's anticipated approval date has been moved from mid-April to May 5.

Procure Equipment/Material

All materials have been secured in stock or have been ordered for the 69kV portion of the project. Equipment delivery is not expected to impact the construction schedule. All vendors report that they are on schedule.

Construct Circuits

Pepco's contractors have begun work on the existing 69kV portion of the route extending from Livingston Road substation to the I-495 crossing (Segment B). This work is scheduled to be completed on or about May 12, 2006.

Vegetation work has begun for clearing of the underground easement in Segment B. Residents were notified that work would be beginning.

Substation work has been completed at Livingston Road substation. A 19 day outage on one of the 69kV supplies to WASA began on May 1, 2006. This outage is being taken to install equipment and pull cable at the WASA substation. All outage coordination has been approved by WASA.

Conduit work continues at WASA's Blue Plains Facility. Crews have begun installing conduit and manholes on the property. 500 feet of conduit remain to be placed and manhole work is 85% complete. A bid for the 69kV underground cable pulling was accepted and cable pulling will begin the first week of May.

Cut Over

Pepco continues to anticipate an in-service date of July 1, 2006.

230kV Circuits

Design

Plan and profile drawings for Segment A, B and C are complete. Plan and profile drawings for Segment D are anticipated to be available by mid-May.

Pepco submitted the bridge crossing at I-495 to the Maryland Department of Transportation for review on March 27th.

Pepco is reviewing preliminary electrical drawings for Palmers Corner Substation.

Obtain Permits

The 230kV EA is being prepared for the proposed underground circuits and should be submitted by mid-May. Approval for the 230kV EA depends upon Phase 1 Intensive Archeological Study (shovel testing) on segments where it has been identified that there is a high potential archeological significance. Shovel testing for Segment A is complete. Segment B required additional testing and results are expected to be available for review by mid-May. Segment C archeological work is being scheduled. All archeological testing is expected to be conducted and submitted for review by mid-May.

The 230kV Programmatic Permit was submitted the first week of April and approval is anticipated to be granted by the end of May.

Segment D of the sediment/erosion control plans have been submitted for review.

Prince George's County passed a zoning ordinance to rezone the Palmers Corner Substation. No special exception is needed. Building permits are being developed for construction to begin on schedule.

Procure Equipment/Materials

At this time equipment delivery is not expected to impact the construction schedule. All vendors report that they are on schedule.

Upgrade Substations

Detailed schedule is still being developed with work starting later this year and completion by June 2007.

Install Transmission Circuits

The scheduled start date for installation of the 230kV pipe is May 15, 2006. Sediment and erosion control plans will be implemented by the second week of May.

Cut Over

Pepco still anticipates an in-service date of June 1, 2007.

Potomac River Project 69 kV Timeline - 2006

January	February	March	April	May	June
<div>Design</div> <ul style="list-style-type: none"> ★ Complete all 69kV Overhead Design – 12/15/05 – 1/13 - Complete ★ Complete all 69kV Underground Design – 12/15/05 – 1/13 - Complete ★ Complete all 69kV Substation Design – 12/15/05 – 1/31 - Complete <div>Obtain Permits</div> <ul style="list-style-type: none"> ★ Assume all permits are approved without issue – 1/01 – 5/22 ☐ CPCN (Approval from the DCPSC) – Approved 3/6 ☐ Programmatic permit (MDE/ACOE) – 5/5 ☐ National Park Service permit (Environmental Assessment) – 5/22 ☐ Storm water/Sediment control permits – All but Segment D are approved. Segment D – 5/12 <div>Procure Equipment/Materials</div> <ul style="list-style-type: none"> ★ Assume all equipment delivered on time – 1/15 – 4/15 <div>Construct Circuits</div> <ul style="list-style-type: none"> ★ Upgrade existing 69kV OH circuits between Livingston Sub and Bald Eagle Road – 3/2 – 5/12 ★ Install 69kV OH circuits between Bald Eagle Road and the Blue Plains facility – 5/1 – 6/15 ★ Install 69kV UG circuits at Blue Plains facility – 2/1 – 5/31 <div>Cut Over</div> <ul style="list-style-type: none"> ★ Finalize all construction activity – 6/15 – 7/1 ★ 69kV circuits in service 7/1 					
<div>*All Changes to Schedule reflected in RED</div>					

For Progress Report dated May 9, 2006

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Design																	
★ Complete all 230kV Underground Design – 1/1/06 – 6/1/06																	
Obtain Permits																	
★ Assume all permits are approved without issue – 1/1/06 – 2/1/07																	
☑ Zoning for Substation equipment installation – Approved – 4/25/06																	
☑ National Park Service permit (Environmental Assessment) – 2/15/06 – 5/15/06																	
☑ Notice of Construction (Approval from DCPSC) – Approved 3/7/06																	
☑ Programmatic permit (MDE/ACOE) – 5/5																	
☑ Storm water/Sediment control (MD/DC) – 3/1/06 – 5/12/06																	
Procure Equipment/Materials																	
★ Assume all equipment delivered on time – 1/15/06 – 4/1/07																	
Upgrade Substations																	
★ Civil Installation 1/1/07 – 3/31/07																	
★ Electrical Installation 4/1/07 – 4/15/07																	
Install Transmission Circuits																	
★ Civil Installation 3/20/06 – 1/1/07 – 4/1/06 – 1/1/07																	
★ Electrical Installation 12/1/06 – 4/15/07																	
Outage																	
★ Outage Requested – 9/11-11/5																	
Outage																	
★ Outage Requested – 12/14-12/17																	
Cut Over																	
★ Finalize all construction activity – 4/15/07 – 6/1/07																	
★ 230kV circuits in service 6/1/07																	

2



A PHI Company

Helen M. Hight
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June 8, 2006

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: District of Columbia Public Service Commission, Docket No. EL05-145-000
Monthly Progress Report for May 2006

Dear Ms. Salas:

Pursuant to Ordering Paragraph C of the Order on Petition and Complaint issued by the Federal Energy Regulatory Commission ("Commission") on January 9, 2006 in Docket No. EL05-145,¹ Potomac Electric Power Company ("Pepco"), on behalf of itself and PJM Interconnection, L.L.C., hereby submits the monthly progress report related to construction of the 69 kV and 230 kV lines on the Pepco system for the month of May 2006.

If you have any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

/s/ Helen M. Hight

Helen M. Hight
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Attachments

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Vincent Duane, PJM
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Matt Morais, PJM
Service List for EL05-145

¹ District of Columbia Pub. Serv. Comm'n, 114 FERC ¶ 61,017 (2006).

Potomac River Project Progress Report for May 2006

69kV Circuits

Design

No design changes have been made to the current design.

Obtain Permits

The National Park Service (NPS) received no additional comments on the Environmental Assessment. As a result, NPA is in the process of issuing the Finding of No Significant Impact (FONSI). Pepco's construction start date is also contingent upon NPS signing the Right of Way agreement that Pepco has approved. At this time, the projected start date for the installation of 69kV circuits on NPS property is June 8, 2006. The new completion date is July 15, 2006.

Additionally, the project team received approval for the Joint Programmatic Permit and a waiver has been received for vegetation management in the Critical Bay Area.

Procure Equipment/Material

Pepco Overhead is working to procure specific materials that are needed for this project. Crews are working around the material issues to continue construction.

Construct Circuits

Pepco's sustaining contractors have completed work on the existing 69kV portion of the route (Segment B) extending from Livingston Road substation to the I-495 crossing. All ROW vegetation work has been completed in this segment.

Work between the cable poles at WASA, continuing through the District of Columbia Impound lot (Segment D), has begun. Crews have received permission to conduct the I-295 crossing on Wednesday, June 7, 2006.

Work on NPS property and onto I-495 will begin once the ROW permit and FONSI documents are signed by NPS. Pepco is anticipating that approval during the week of June 4, 2006.

The construction of the 69kV underground circuits at WASA is complete. On May 1, 2006, Pepco in conjunction with WASA took an outage on Feeder 69008. On May 30, 2006 Pepco took an outage on Feeder 69067. This outage concluded on Monday, June 4, 2006 with no issues. Two more short outages are necessary to energize the new 69kV circuits. The project team will coordinate with WASA and any other necessary parties prior to taking these outages.

Cut Over

Pepco anticipates an in-service date of July 15, 2006.

230kV Circuits

Design

Segment D drawings are now scheduled for construction issue on July 7, 2006.

Pepco is scheduling a meeting with Maryland Department of Transportation who has preliminarily denied the attachment to the bridge. Pepco has requested that the engineering contractor provide an alternate option to bore underneath the Interstate if permission will not be granted to attach to the bridge.

Pepco is continuing to review preliminary electrical drawings for Palmers Corner Substation.

Obtain Permits

The ARPA permit for Segment C - Maryland has been submitted and is being reviewed.

Segment D of the sediment/erosion control plans are being reviewed by Pepco and will be submitted to DC Department of Health the week of June 3, 2006.

Pepco continues to prepare the Environmental Assessment for the proposed underground circuits and the projected submittal date is June 15, 2006.

Segment B archeological testing is complete and the report was submitted for review by Maryland Historical Trust. Segment C archeological testing plan has been developed and has been submitted for review and approval. Approval must be given before NPS will allow testing to begin.

Procure Equipment/Materials

At this time, equipment delivery is not expected to impact the construction schedule. All vendors report that they are on schedule.

Upgrade Substations

Detailed schedule is still being developed with work starting later this year and completion by June 2007.

Install Transmission Circuits

Installation of the 230kV pipe began on Monday, June 5, 2006. Sediment and erosion control plans were implemented prior to construction beginning.

Cut Over

Pepco still anticipates an in-service date of June 1, 2007.

Potomac River Project 69 kV Timeline - 2006

January	February	March	April	May	June
<div>Design</div> <ul style="list-style-type: none"> ★ Complete all 69kV Overhead Design – 12/15/05 – 1/13 - Complete ★ Complete all 69kV Underground Design – 12/15/05 – 1/13 - Complete ★ Complete all 69kV Substation Design – 12/15/05 – 1/31 - Complete <div>*All Changes to Schedule reflected in RED</div>					
<div>Obtain Permits</div> <ul style="list-style-type: none"> ★ Assume all permits are approved without issue – 1/01 – 6/15 ☐ CPCN (Approval from the DCPSC) – Approved 3/6 ☐ Programmatic permit (MDE/ACOE) – Approved – 5/25 ☐ National Park Service permit (Environmental Assessment) – 6/08 ☐ Storm water/Sediment control permits – All but Segment D are approved. Segment D – 6/15 					
<div>Procure Equipment/Materials</div> <ul style="list-style-type: none"> ★ Assume all equipment delivered on time – 1/15 – 4/15 					
<div>Construct Circuits</div> <ul style="list-style-type: none"> ★ Upgrade existing 69kV OH circuits between Livingston Sub and Bald Eagle Road – Complete – 5/31 ★ Install 69kV OH circuits between Bald Eagle Road and the Blue Plains facility – 6/09 – 7/15 ★ Install 69kV UG circuits at Blue Plains facility – Complete - 5/5 <div>Cut Over</div> <ul style="list-style-type: none"> ★ Finalize all construction activity – 6/15 – 7/15 69kV circuits in service 7/15 					

For Progress Report dated June 8, 2006

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Design																	
★ Complete all 230kV Underground Design – 1/1/06 – 7/7/06																	
Obtain Permits																	
★ Assume all permits are approved without issue – 1/1/06 – 7/15/06																	
☑ Zoning for Substation equipment installation – Approved – 4/25/06																	
☑ National Park Service permit (Environmental Assessment) – 2/15/06 – 7/15/06																	
☑ Notice of Construction (Approval from DCPSC) – Approved – 3/7/06																	
☑ Programmatic permit (MDE/ACOE) – Approved – 5/25/06																	
☑ Storm water/Sediment control (MD/DC) – 3/1/06 – 6/15/06																	
Procure Equipment/Materials																	
★ Assume all equipment delivered on time – 1/15/06 – 4/1/07																	
Upgrade Substations																	
★ Civil Installation 1/1/07 – 3/31/07																	
★ Electrical Installation 4/1/07 – 4/15/07																	
Install Transmission Circuits																	
★ Civil Installation 6/05/06 – 4/1/07																	
★ Electrical Installation 12/1/06 – 4/15/07																	
★ Outage Requested – 11/27-12/11																	
★ Outage Requested – 2/19- 3/5																	
Outage																	
Cut Over																	
★ Finalize all construction activity – 4/15/07 – 6/1/07																	
★ 230kV circuits in service 6/1/07																	

2



A PHI Company

Helen M. Hight
Assistant General Counsel
Pepco Holdings, Inc.
701 Ninth Street, NW, Suite 1100
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202-872-2318

July 5, 2006

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: District of Columbia Public Service Commission, Docket No. EL05-145-000
Monthly Progress Report for June 2006

Dear Ms. Salas:

Pursuant to Ordering Paragraph C of the Order on Petition and Complaint issued by the Federal Energy Regulatory Commission ("Commission") on January 9, 2006 in Docket No. EL05-145,¹ Potomac Electric Power Company ("Pepco"), on behalf of itself and PJM Interconnection, L.L.C., hereby submits the monthly progress report related to construction of the 69 kV and 230 kV lines on the Pepco system for the month of June 2006.

If you have any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

/s/ Helen M. Hight

Helen M. Hight
Assistant General Counsel
Potomac Electric Power Company
701 Ninth Street, N.W., Suite 1100
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Email: hmhight@pepcoholdings.com

Attachments

cc: Lawrence Mansueti, DOE
Vincent Duane, PJM
Craig Glazer, PJM
Matt Morais, PJM
Service List for EL05-145

¹ District of Columbia Pub. Serv. Comm'n, 114 FERC ¶ 61,017 (2006).

Potomac River Project Progress Report for June 2006

69kV Circuits

Design

No design changes have been made to the current design.

Obtain Permits

All permits were obtained to complete work for the construction of the 69kV circuits.

Procure Equipment/Material

All material has been received for the 69kV circuits.

Construct Circuits

All necessary vegetation management has been completed at the DC impound lot and on NPS property. Overhead crews continue construction, and report that the job is 70% complete.

Two short outages are necessary to energize the new 69kV circuits. Once the overhead work is done, the project team will coordinate with WASA and any other necessary parties prior to taking these outages.

Cut Over

Pepco still anticipates an in-service date of July 15, 2006.

230kV Circuits

Design

Pepco met with the Maryland Department of Transportation who preliminarily denied the attachment to the bridge. After the meeting, Pepco determined that boring underneath the highway is the best option for crossing the I-495 corridor. Segment B drawings are being revised to reflect this change.

Pepco is continuing to review preliminary electrical drawings for the Palmers Corner Substation.

Obtain Permits

The Segment B archeological report (ARPA permit) has been submitted for review by Maryland Historical Trust (MHT). Maryland Historical Trust reports that approval will not be granted until the second week of July.

Pepco is still awaiting approval of the Segment C archeological testing plan (ARAP Permit). Pepco expects approval by July 10, 2006. Pepco continues to prepare an Environmental Assessment for National Park Service property for the proposed 230kV underground circuits. The projected submittal date is July 21, 2006.

Segment D of the sediment/erosion control plans were submitted to DC Department of Health the June 28, 2006.

Procure Equipment/Materials

At this time, equipment delivery is not expected to impact the construction schedule. All vendors report that they are on schedule.

Upgrade Substations

A detailed schedule is still being developed with work starting later this year and completion by June 2007. Mirant representatives and Pepco project team members are coordinating all necessary outages for the substation work.

Install Transmission Circuits

Installation of the 230kV pipe continues on Segment A. Construction Management reports that 4000 feet of pipe has been set. They have encountered some set backs due to recent weather events. Construction management is working on a revised schedule to make up for lost time. Segment B is still on track to start in early July 2006.

Cut Over

Pepco still anticipates an in-service date of June 1, 2007.

Potomac River Project 69 kV Timeline - 2006

January	February	March	April	May	June
<div>Design</div> <ul style="list-style-type: none"> ★ Complete all 69kV Overhead Design – 12/15/05 – 1/13 - Complete ★ Complete all 69kV Underground Design – 12/15/05 – 1/13 - Complete ★ Complete all 69kV Substation Design – 12/15/05 – 1/31 - Complete <div>*All Changes to Schedule reflected in RED</div>					
<div>Obtain Permits</div> <ul style="list-style-type: none"> ★ Assume all permits are approved without issue – 1/01 – 6/15 ☑ CPCN (Approval from the DCPSC) – Approved 3/6 ☑ Programmatic permit (MDE/ACOE) – Approved – 5/25 ☑ National Park Service permit (Environmental Assessment) – Approved 6/8 ☑ Storm water/Sediment control permits – All obtained 					
<div>Procure Equipment/Materials</div> <ul style="list-style-type: none"> ★ Assume all equipment delivered on time – 1/15 – 4/15 					
<div>Construct Circuits</div> <ul style="list-style-type: none"> ★ Upgrade existing 69kV OH circuits between Livingston Sub and Bald Eagle Road – Complete – 5/31 ★ Install 69kV OH circuits between Bald Eagle Road and the Blue Plains facility – 6/09 – 7/15 ★ Install 69kV UG circuits at Blue Plains facility – Complete - 5/5 <div>Cut Over</div> <ul style="list-style-type: none"> ★ Finalize all construction activity – 6/15 – 7/15 ★ 69kV circuits in service 7/15 					

For Progress Report dated July 5, 2006

	Jan	Feb	Mar	Apr	May	June
Design						
★ Complete all 230kV Underground Design – 1/1/06 – 7/7/06						
Obtain Permits						
★ Assume all permits are approved without issue – 1/1/06 – 8/15/06 <div> 📄 Zoning for Substation equipment installation – Approved – 4/25/06 📄 National Park Service permit (Environmental Assessment) – 2/15/06 – 8/15/06 📄 Notice of Construction (Approval from DCPSC) – Approved – 3/7/06 📄 Programmatic permit (MDE/ACOE) – Approved – 5/25/06 📄 Storm water/Sediment control (MD/DC) – 3/1/06 – 7/15/06 </div>						
Procure Equipment/Materials						
★ Assume all equipment delivered on time – 1/15/06 – 4/1/07						
Upgrade Substations ★ Civil Installation 1/1/07 – 3/31/07 ★ Electrical Installation 4/1/07 – 4/15/07						
Install Transmission Circuits						
★ Civil Installation 6/05/06 – 4/1/07 ★ Electrical Installation 12/1/06 – 4/15/07						
Cut Over ★ Finalize all construction activity – 4/15/07 – 6/1/07						
Outage						
★ Outage Requested – 11/27-12/11 ★ Outage Requested – 2/19- 3/5 ★ Outage Requested – 6/1/07						
230kV circuits in service 6/1/07						

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A PHI Company

Helen M. Hight
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August 8, 2006

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: District of Columbia Public Service Commission, Docket No. EL05-145-000
Monthly Progress Report for July 2006

Dear Ms. Salas:

Pursuant to Ordering Paragraph C of the Order on Petition and Complaint issued by the Federal Energy Regulatory Commission ("Commission") on January 9, 2006 in Docket No. EL05-145,¹ Potomac Electric Power Company ("Pepco"), on behalf of itself and PJM Interconnection, L.L.C., hereby submits the monthly progress report related to construction of the 69 kV and 230 kV lines on the Pepco system for the month of July 2006. Note that the 69 kV line has been completed and placed in service.

If you have any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

/s/ Helen M. Hight

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Attachments

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Matt Morais, PJM
Service List for EL05-145

¹ District of Columbia Pub. Serv. Comm'n, 114 FERC ¶ 61,017 (2006).

Potomac River Project Progress Report for July 2006

69kV Circuits

Cut Over

Feeder No. 69022 was energized on Thursday July 13, 2006. Feeder No. 69021 was energized on Saturday, July 15, 2006. The energizing of these two feeders marks the completion of the 69kV portion of the Potomac River Project.

230kV Circuits

Design

Plan and profile drawings for Segment A, B, C and D are complete. Drawings for Segment B and Segment C were revised and received. Pepco is currently reviewing those drawings for approval. Segment D drawings were reviewed by WASA and must be revised to reflect requested changes.

Obtain Permits

The Segment B archeological report (ARPA permit) was approved by Maryland Historical Trust (MHT).

The Segment C archeological testing plan (ARAP Permit) was approved.

Pepco recently met with the National Park Service (NPS) for review of the route drawings. Pepco continues to work with NPS to prepare an Environmental Assessment (EA) for the proposed 230kV underground circuits. The projected submittal date to NPS for their first review is August 8, 2006. After NPS accepts the EA draft, it must release the document for a public review period of 30 days. Pepco expects that approval of the EA will not be granted until October, which will have a significant impact on the project schedule if Pepco is forced to wait until October to begin work on NPS property.

Pepco awaits approval of Segment D Sediment/Erosion control plans from DC Department of Health. The expected approval date is August 4, 2006.

Procure Equipment/Materials

At this time, equipment delivery is not expected to impact the construction schedule. All vendors report that they are on schedule.

Upgrade Substations

A detailed schedule is still being developed with work starting later this year and completion by June 2007. All necessary outages for the substation work have been coordinated with Mirant.

Install Transmission Circuits

Construction Management reports that 8000 feet of pipe has been set. All open trench excavation on Segment A is complete. On August 7, 2006, a boring contractor will begin the segment's two horizontal bores.

On July 24, 2006, open trench excavation on Segment B began.

Cut Over

Pepco still anticipates an in-service date of June 1, 2007.

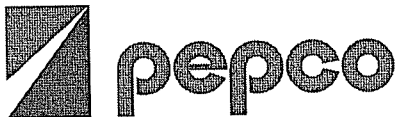
Potomac River Project 69 kV Timeline - 2006

January	February	March	April	May	June
<div>Design</div> <ul style="list-style-type: none"> ★ Complete all 69kV Overhead Design – 12/15/05 – 1/13 - Complete ★ Complete all 69kV Underground Design – 12/15/05 – 1/13 - Complete ★ Complete all 69kV Substation Design – 12/15/05 – 1/31 - Complete <div>*All Changes to Schedule reflected in RED</div>					
<div>Obtain Permits</div> <ul style="list-style-type: none"> ★ Assume all permits are approved without issue – 1/01 – 6/15 <ul style="list-style-type: none"> ☑ CPCN (Approval from the DCPSC) – Approved 3/6 ☑ Programmatic permit (MDE/ACOE) – Approved – 5/25 ☑ National Park Service permit (Environmental Assessment) – Approved 6/8 ☑ Storm water/Sediment control permits – All obtained 					
<div>Procure Equipment/Materials</div> <ul style="list-style-type: none"> ★ Assume all equipment delivered on time – 1/15 – 4/15 					
<div>Construct Circuits</div> <ul style="list-style-type: none"> ★ Upgrade existing 69kV OH circuits between Livingston Sub and Bald Eagle Road – Complete – 5/31 ★ Install 69kV OH circuits between Bald Eagle Road and the Blue Plains facility – 6/09 – 7/15 – Complete – 7/15 ★ Install 69kV UG circuits at Blue Plains facility – Complete - 5/5 <div>Cut Over</div> <ul style="list-style-type: none"> ★ Finalize all construction activity – 6/15 – 7/15 - COMPLETED <div>69kV circuits in service 7/15</div>					

For Progress Report dated August 8, 2006

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Design																	
★ Complete all 230kV Underground Design – 1/1/06 – 7/7/06																	
Obtain Permits																	
★ Assume all permits are approved without issue – 1/1/06 – 9/15/06																	
★ Zoning for Substation equipment installation – Approved – 4/25/06																	
★ National Park Service permit (Environmental Assessment) – 2/15/06 – 9/15/06																	
★ Notice of Construction (Approval from DCPSC) – Approved – 3/7/06																	
★ Programmatic permit (MDE/ACOE) – Approved – 5/25/06																	
★ Storm water/Sediment control (MD/DC) – 3/1/06 – 8/4/06																	
Procure Equipment/Materials																	
★ Assume all equipment delivered on time – 1/15/06 – 4/1/07																	
Upgrade Substations																	
★ Civil Installation 1/1/07 – 3/31/07																	
★ Electrical Installation 4/1/07 – 4/15/07																	
Install Transmission Circuits																	
★ Civil Installation 6/05/06 – 4/1/07																	
★ Electrical Installation 12/1/06 – 4/15/07																	
★ Outage Requested – 11/27-12/11																	
★ Outage Requested – 2/19- 3/5																	
Outage																	
Outage																	
Cut Over																	
★ Finalize all construction activity – 4/15/07 – 6/1/07																	
230kV circuits in service 6/1/07																	

2



A PHI Company

Helen M. Hight
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September 7, 2006

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: District of Columbia Public Service Commission, Docket No. EL05-145-000
Monthly Progress Report for August 2006

Dear Ms. Salas:

Pursuant to Ordering Paragraph C of the Order on Petition and Complaint issued by the Federal Energy Regulatory Commission ("Commission") on January 9, 2006 in Docket No. EL05-145,¹ Potomac Electric Power Company ("Pepco"), on behalf of itself and PJM Interconnection, L.L.C., hereby submits the monthly progress report related to construction of the 230 kV lines on the Pepco system for the month of August 2006. As previously reported, the 69 kV line has been completed and placed in service.

If you have any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

/s/ Helen M. Hight

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Attachments

cc: Lawrence Mansueti, DOE
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Craig Glazer, PJM
Matt Morais, PJM
Service List for EL05-145

¹ District of Columbia Pub. Serv. Comm'n, 114 FERC ¶ 61,017 (2006).

Potomac River Project Progress Report for August 2006

230kV Circuits

Design

Plan and Profile drawings for Segment A are complete. Plan and Profile drawings for Segment B and Segment C have been revised to include the horizontal bores for both segments. These drawings are with Pepco engineering for final review prior to release for construction.

Plan and Profile drawings for Segment D were approved by WASA. Their requested design changes have been made. Pepco engineering will release final construction drawings prior to the beginning of work on September 11.

Obtain Permits

Segment B highway crossing permits must be submitted. Pepco is waiting for finalized drawings from Black & Veatch before these permits can be submitted for approval.

Segment C design changes to include the Horizontal Directional bore of the critical area on National Park Service ("NPS") property have prompted NPS to approve a Categorical Exclusion (CATEX) for Pepco's installation of the 230kV underground circuits. This will replace the need for an Environmental Assessment (EA). NPS is drafting the Special Use Permit that must accompany the CATEX.

Segment D of the sediment/erosion control plans have been submitted to DC Department of Health. Pepco has been informed that we must present the ROE agreement from WASA before these plans can be approved.

Permission to cross under I-295 has been approved by the Department of Transportation.

Procure Equipment/Materials

At this time, equipment delivery is not expected to impact the construction schedule. All vendors report that they are on schedule.

Upgrade Substations

Detailed schedule is still being developed with work starting later this year and completion by mid June 2007. All necessary outages for the substation work are being coordinated with Mirant.

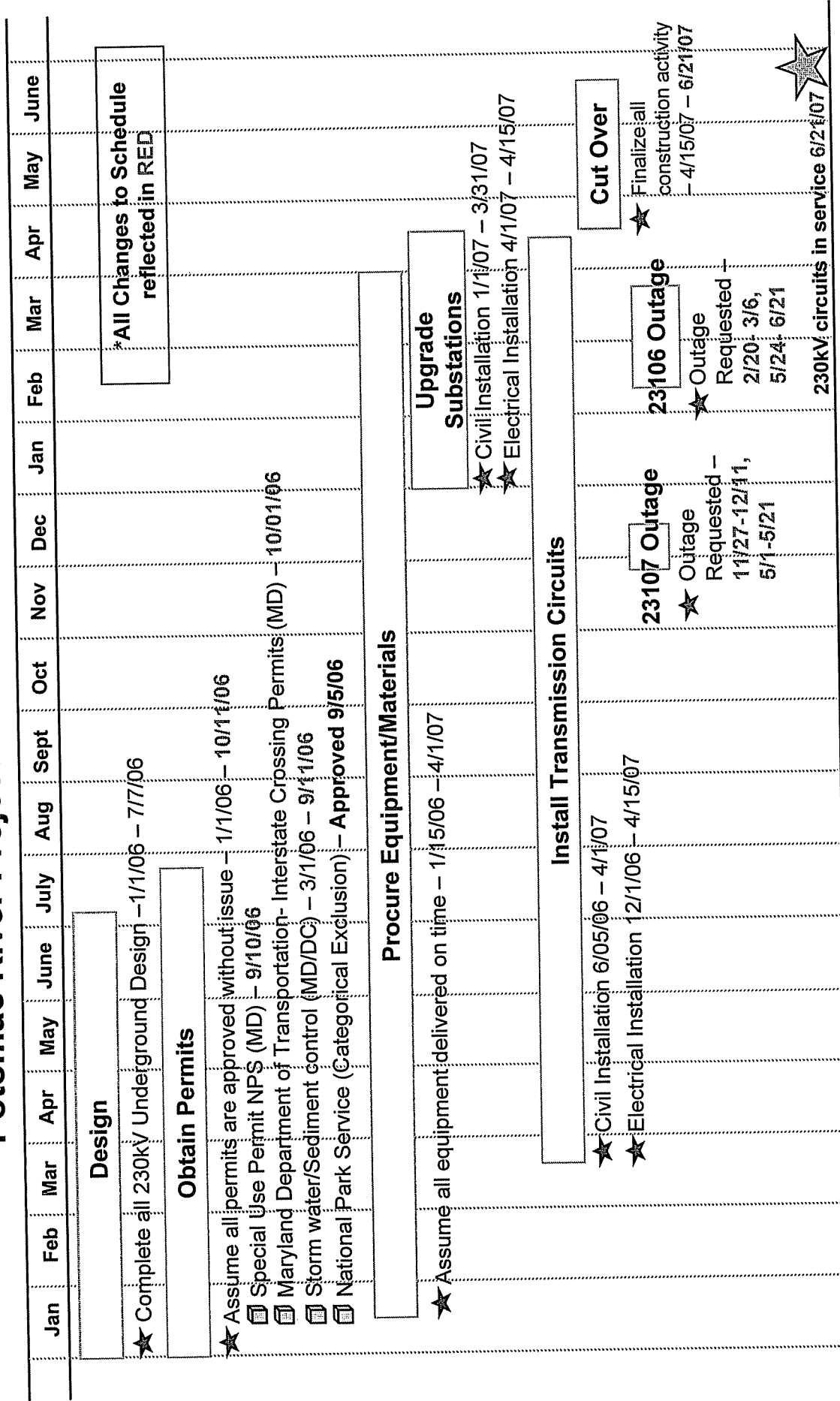
Install Transmission Circuits

Construction Management reports that 9500 trench feet of pipe has been set for Segments A and B. They also report that the first horizontal bore of 2500 feet is completed with the parallel pipe bore to begin on September 6, 2006.

Cut Over

Pepco now anticipates an in-service date of June 21, 2007.

Potomac River Project 230 kV Timeline – 2006 - 2007



*All Changes to Schedule reflected in RED



A PHI Company

Helen M. Hight
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202-872-2318

October 6, 2006

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: District of Columbia Public Service Commission, Docket No. EL05-145-000
Monthly Progress Report for September 2006

Dear Ms. Salas:

Pursuant to Ordering Paragraph C of the Order on Petition and Complaint issued by the Federal Energy Regulatory Commission ("Commission") on January 9, 2006 in Docket No. EL05-145,¹ Potomac Electric Power Company ("Pepco"), on behalf of itself and PJM Interconnection, L.L.C., hereby submits the monthly progress report related to construction of the 230 kV lines on the Pepco system for the month of September 2006.

If you have any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

/s/ Helen M. Hight

Helen M. Hight
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Attachments

cc: Lawrence Mansueti, DOE
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Matt Morais, PJM
Service List for EL05-145

¹ District of Columbia Pub. Serv. Comm'n, 114 FERC ¶ 61,017 (2006).

Potomac River Project Progress Report for September 2006

230kV Circuits

Design

Plan and Profile Drawings for Segments A, B, C, and D are complete. Drawings for Segment B and C are with Pepco engineering for final review prior to release for construction.

Obtain Permits

Segment B highway crossing permits were submitted and approved.

Segment C Categorical Exclusion (CATEX) was submitted and approved for Pepco's installation of the 230kV underground circuits on National Park Service.

Segment D of the sediment/erosion control plans have been approved by DC Department of Health. Pepco has reached an agreement with WASA for right of entry into their facility.

Procure Equipment/Materials

At this time, equipment delivery is not expected to impact the construction schedule. All vendors report that they are on schedule.

Upgrade Substations

All necessary outages for the substation work have been being coordinated with Mirant and posted on eDART.

Install Transmission Circuits

Construction Management reports the following:

Segment A Open Excavation – 97% complete, Segment A Boring – 75%

Segment B Open Excavation – 90%, Segment B Boring – 0%

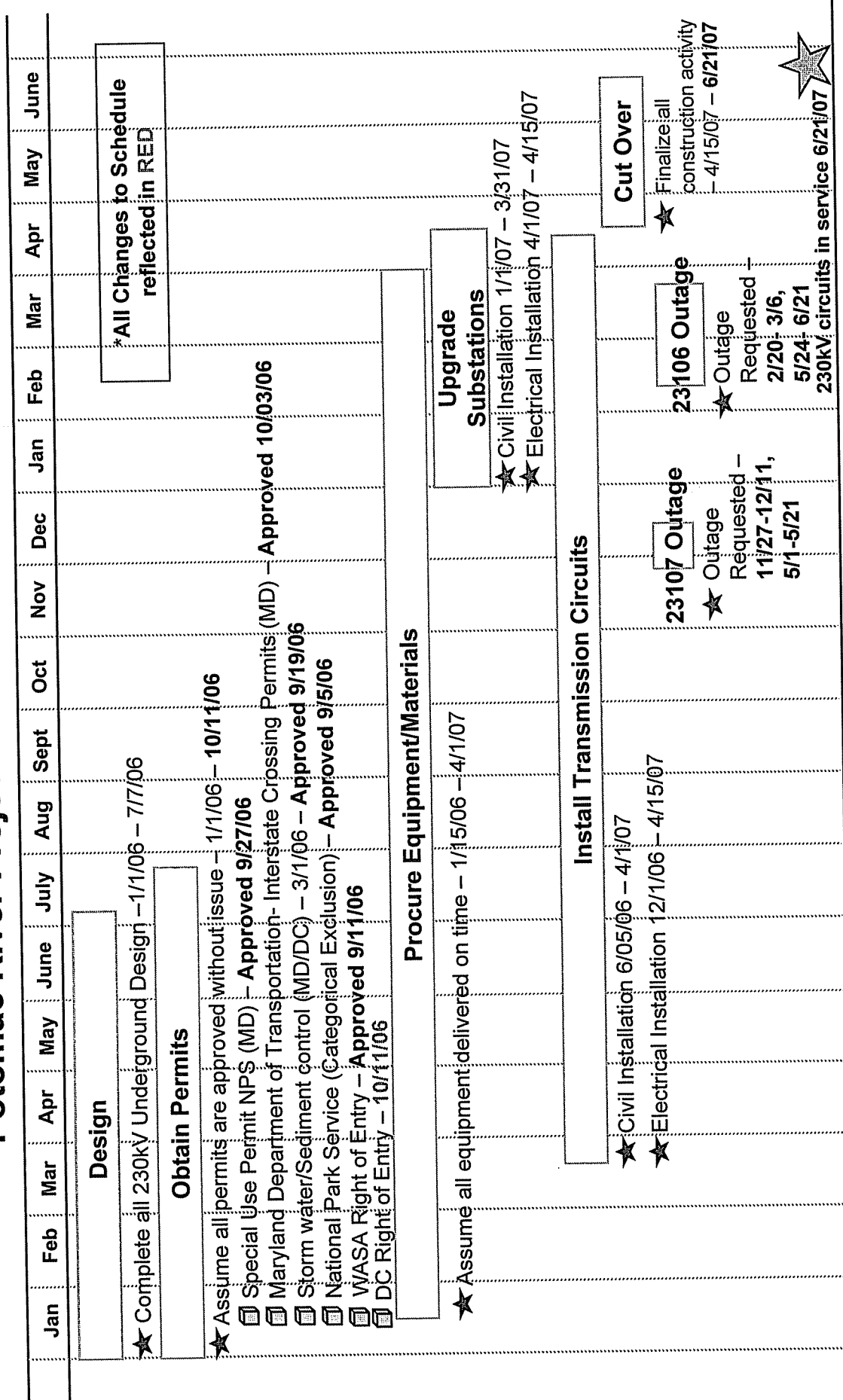
Segment C Open Excavation – 0%, Segment C Boring – 0%

Segment D Open Excavation – 0%, Segment D Boring – 0%

Cut Over

Pepco now anticipates an in-service date of June 21, 2007.

Potomac River Project 230 kV Timeline – 2006 - 2007



*All Changes to Schedule reflected in RED



A PHI Company

Helen M. Hight
Assistant General Counsel
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Washington, D.C. 20068
202-872-2318

November 9, 2006

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: District of Columbia Public Service Commission, Docket No. EL05-145-000
Monthly Progress Report for October 2006

Dear Ms. Salas:

Pursuant to Ordering Paragraph C of the Order on Petition and Complaint issued by the Federal Energy Regulatory Commission ("Commission") on January 9, 2006 in Docket No. EL05-145,¹ Potomac Electric Power Company ("Pepco"), on behalf of itself and PJM Interconnection, L.L.C., hereby submits the monthly progress report related to construction of the 230 kV lines on the Pepco system for the month of October 2006.

If you have any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

/s/ Helen M. Hight

Helen M. Hight
Assistant General Counsel
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Attachments

cc: Lawrence Mansueti, DOE
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Service List for EL05-145

¹ District of Columbia Pub. Serv. Comm'n, 114 FERC ¶ 61,017 (2006).

Potomac River Project Progress Report for October 2006

230kV Circuits

Design

Segment D drawings are being reviewed for redesign at Substation 83. This minor change will not impact schedule.

Obtain Permits

Right of Entry was granted from D.C. for Segment D construction. All other permits required for this job have been acquired.

Procure Equipment/Materials

At this time, equipment delivery is not expected to impact the construction schedule. The reactor vendor will deliver the reactors separately, but this change should not impact the schedule.

Upgrade Substations

All necessary outages for the substation work have been coordinated with Mirant and are posted on eDART.

Install Transmission Circuits

Construction Management reports the following:

Segment A Open Excavation – 97% complete, Segment A Boring – 100%

Segment B Open Excavation – 97%, Segment B Boring – 0%

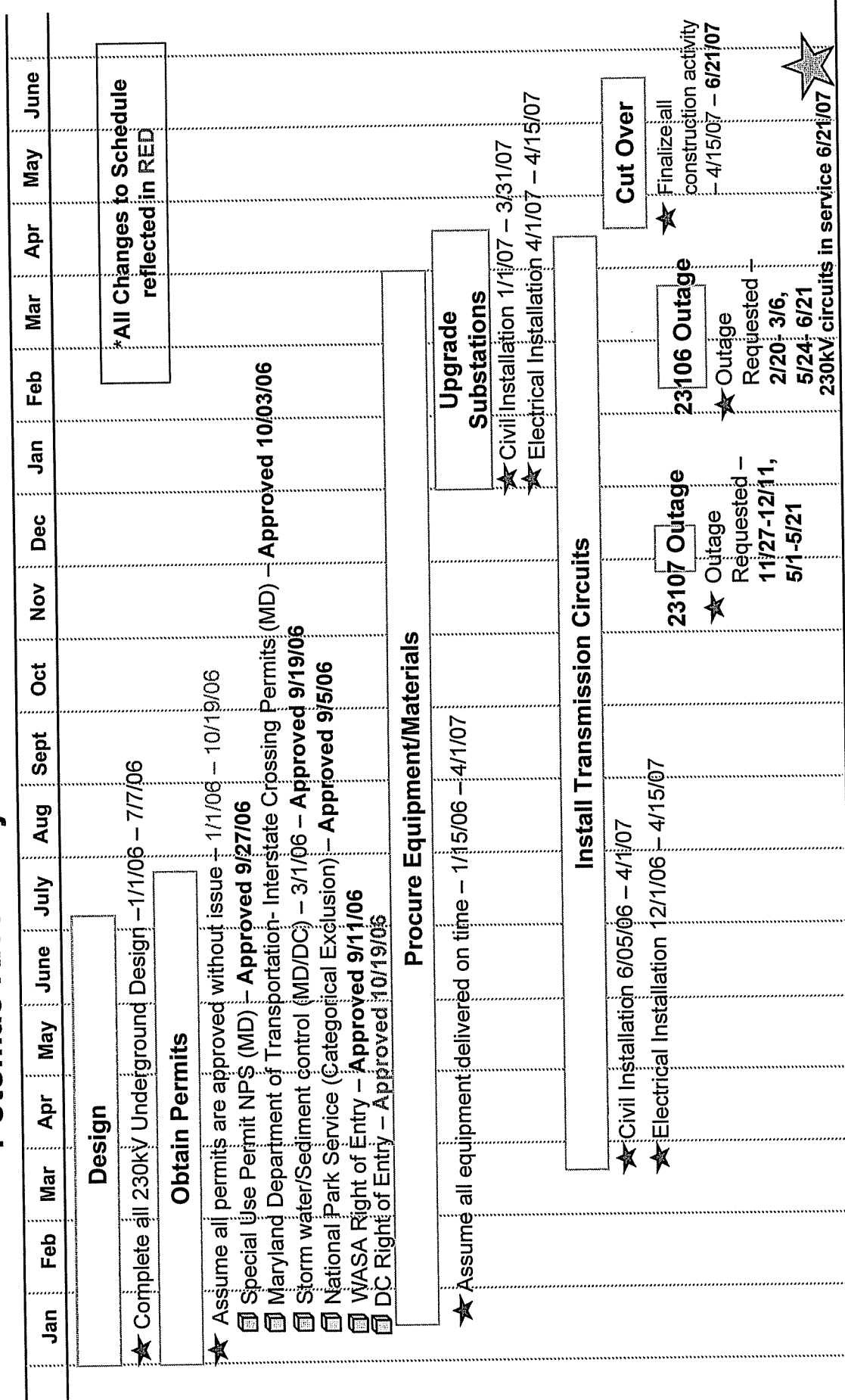
Segment C Open Excavation – 0%, Segment C Boring – 0%

Segment D Open Excavation – 0%, Segment D Boring – 0%

Cut Over

Pepco now anticipates an in-service date of June 21, 2007.

Potomac River Project 230 kV Timeline – 2006 - 2007



*All Changes to Schedule reflected in RED

CERTIFICATE OF SERVICE

I hereby certify that the foregoing was served on all parties of record in this proceeding and in accordance with 10 C.F.R. § 205.372.

Dated at Washington, D.C. this 21st day of November, 2006.

/s/ Sheila S. Hollis
Sheila S. Hollis