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CONFIDENTIAL CRITICAL ENERGY INFRASTRUCTURE INFORMATION HAS BEEN REMOVED FOR PRIVILEGED TREATMENT

September 23, 2005

Mr. Lawrence Mansuetti
Department of Energy
1000 Independence Avenue, S.W.
Room 6H050
Washington, D.C. 20585

Re: Potomac River Generating Station
DOE Case No. 05-01

Dear Mr. Mansuetti:

This letter will respond to your request for information concerning the potential need for Potomac River Station generation under the three reliability "scenarios" outlined by PJM and PEPCO. We are requesting that this information be treated as confidential pursuant to the Department's regulations as well as our executed Confidentiality Agreement as certain of the information contained herein contains confidential Critical Energy Infrastructure Information. A redacted public version of this letter will also be provided for the record in this case.

As you will recall, scenario one involves the impact of certain high load conditions in the Washington D.C. area served by the plant ("Potomac River load area"). Under that scenario and as detailed in PEPCO's proposed solution in its September 9, 2005 filing with FERC, at least one of the Potomac units would be required to be operating at a level to supply all additional load above [redacted]

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[redacted] **It should of course be noted, that past conditions does not necessarily predict future conditions however given the relatively flat nature of the load, this information should provide some indication of the number of hours that generation would actually need to be running to support reliability during a warm summer period.**

The PJM/PEPCO second scenario addressed the need for the Potomac River units to operate during maintenance [redacted]**. PEPCO's proposed solution for this scenario called for the availability of up to five units to provide "load following" during maintenance outages. As noted in our joint response, PEPCO presently has planned two maintenance** [redacted]

The PJM/PEPCO third scenario addressed the need for all five of the Potomac River units to be available to operate [redacted] **As a result, in the instance of a line tripping, it would be necessary to begin to start as many as all five units (depending on load conditions) so as to ensure sufficient back-up to prevent a loss of load in the event** [redacted]**. As stated, this is a contingency scenario so it is impossible to model a given number of hours associated with its occurring. Although all five units would need to be available to operate in this contingency, the past history shows that while not likely, there have been enough instances of both single and double circuit failure as to compel, in our opinion, an appropriate order allowing the unit to start in this instance.**

Finally, it should be pointed out that the situation involving a potential forced shutdown of a generating station such as Potomac River needed to maintain reliability in a major metropolitan area with significant homeland security implications is not at all typical of the kind of contingencies faced around the nation. For one, the reliability exposure caused by the shutdown of the Potomac River unit

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is extensive. Moreover, although there are other examples of close-in generators needed to serve major metropolitan areas, the distinguishing feature of this case is the potential for an order immediately shutting down all five units with no flexibility available to the system operators to call upon some or all of the units even to meet emergency circumstances when reliability is threatened. This is far different from the normal operating risk that is considered in the design and operation of a power system. In normal circumstances, the probability of all five units of a generating station needed to serve local reliability all becoming unavailable at once and without sufficient notice to put in place alternatives is extremely remote. In this case, the single event of shutting down the unit actually represents a significant number of simultaneous contingencies, all occurring at once and all significantly impacting reliability. In short, the plant shutdown actually represents five contingencies (one for each unit) all being triggered at once. Moreover, even with that set of events, the transmission system is resilient enough to sustain all but peak load conditions absent [redacted]**. Good operating practice would never contemplate the simultaneous loss of all units at a station or planned maintenance at a station that would remove all units from service. As planned and operated, the facilities (generation and transmission) serving the Potomac River area meet all PJM requirements. The unusual simultaneous loss of five units at a local facility required to serve load (as opposed to, for example, shutdown of a nuclear facility tied into the bulk power system with other generating available to serve as alternative means of meeting the load) is a highly unusual event and is not one which should be widely recurring across the nation. When coupled with the nature of the load served and its impact on homeland security and effective operation of the United States government, we believe the Secretary's immediate use of his authority in this instance is most appropriate.**

Please let me know should you need additional information. We will also file this information at the Federal Energy Regulatory Commission in its docket in this matter.

Very truly yours,

Craig Glazer

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Vice President
Federal Government Policy

Cc: Federal Energy Regulatory Commission

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