



2750 Monroe Blvd
Audubon, PA 19403-2497

Andrew L. Ott
President and CEO
610-666-4267

June 15, 2016

Commissioner M. Beth Trombold, OPSI President
The Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

Dear President Trombold,

The PJM Board shares OPSI's interest in minimizing costs to consumers from transmission infrastructure development, as expressed in your May 13, 2016 letter. We also appreciate OPSI's review of the current competitive transmission selection process and thoughtful suggestions for improvements intended to result in more accurate cost projections. It is important that the PJM Board has the necessary information to select the best project and to ensure that costs are both transparent to all stakeholders and minimized throughout project construction.

The Board agrees with OPSI that there are opportunities for improvement in the process. Each possible improvement must be assessed carefully to determine its impact on the cost of evaluating competing projects. There are also potential impacts to consider on evaluation, selection and construction timelines, and on the competitive nature of the process. The Board has requested PJM staff to evaluate lessons learned from our current cost estimation process and any additional process improvements to be learned from the Artificial Island project specifically. Staff will work with OPSI and the stakeholders to identify and assess all improvement options, including those suggested by OPSI.

The Board acknowledges that the revised cost estimates for the non-capped parts of the Artificial Island project are significantly higher than the initial PJM staff estimates. We have directed staff to review alternatives including but not limited to working with the project developers to find ways to reduce cost impacts to customers through considering alternative configuration approaches that could reduce the overall cost of the project.

The Board has also requested staff to provide an update on these efforts to OPSI and the stakeholders when additional information is available.

The Board looks forward to the continued constructive exchange of ideas within the stakeholder discussions to ensure cost estimates are as accurate as possible for future projects which are considered in the competitive transmission selection process.

Sincerely,

A handwritten signature in cursive script that reads "Andrew L. Ott".

Copies:

Members, PJM Board
Members, OPSI Board