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### **FERC Denies Delaware Cost Allocation Complaint**

In a 3-1 decision issued on Friday, April 22, 2016, the Federal Energy Regulatory Commission (FERC) denied a complaint filed by the Delaware Public Service Commission and others regarding the cost-allocation associated with the PJM Artificial Island (AI) transmission project. The decision deals a blow to electric customers and economic development on the Delmarva Peninsula because the project may increase transmission costs 25%-30% for residential, commercial and industrial customers in Delaware, Maryland and Virginia. Governor Jack Markell and Delaware's Congressional delegation sent letters to FERC supporting the Delaware Public Service Commission's position.

Robert Howatt, Executive Director of the Delaware Public Service Commission said, "I'm shocked, frustrated and disappointed by the Federal Energy Regulatory Commission's decision to deny the State Commission's complaint on PJM's Artificial Island transmission cost allocation. Commissioner LaFleur's dissent plainly acknowledged that the flow based cost allocation methodology does not work in all cases."

On August 28, 2015, the Delaware Public Service Commission and the Maryland Public Service Commission filed a complaint with FERC alleging that use of the solution-based distribution factor (SB DFAX) cost-allocation methodology was unjust and unreasonable for the AI project. The project was initiated by PJM (the regional transmission organization responsible for electric grid operations in the mid-Atlantic region) through their Regional Transmission Expansion Planning process. The purpose of the project is to solve a reliability issue at the AI nuclear facility in southern New Jersey. Based on the cost allocation methodology, ninety percent (90%) of the cost of the project - - now almost \$400 million dollars - - will be paid by Delaware, Maryland, and Virginia electric customers throughout the Delmarva peninsula, despite the fact that this project is not needed to maintain reliability on the peninsula. In fact, studies indicate that the peninsula will only receive ten percent (10%) of the economic benefits of this project.

Additional information regarding the complaint can found on the FERC website ([ferc.gov](http://ferc.gov)) by referencing Docket Number EL15-95-000.