

July 22, 2005

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

RE: PJM Interconnection, L.L.C.  
Docket No. ER05-1181-000

Dear Secretary Salas:

Please find for e-filing Joint Consumer Advocates' Motion to Intervene, in the above-referenced proceedings.

Very truly yours,

*/s/ filed electronically*

Tanya J. McCloskey  
Senior Assistant Consumer Advocate

Enclosure  
cc: All parties of record

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

PJM Interconnection, L.L.C.

:

Docket No. ER05-1181-000

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JOINT CONSUMER ADVOCATE'S  
MOTION TO INTERVENE

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Pursuant to Rules 211, 212 and 214 of the Commission's Rules of Practices and Procedure, 18 C.F.R. §§ 385.211, 385.212, and 385.214, the Pennsylvania Office of Consumer Advocate ("Pa. OCA"), Maryland Office of People's Counsel ("MD OPC"), and the Office of People's Counsel for the District of Columbia ("DC OPC") (herein designated as "Joint Consumer Advocates"), respectfully request leave to intervene in this proceeding. In this proceeding, PJM Interconnection, L.L.C.'s ("PJM") requests to change the rate design of PJM's administrative cost recovery from formula rates to stated rates. PJM also proposes revisions to its Amended and Restated Operating Agreement ("Operating Agreement") to revise and clarify the terms concerning the provision of information by PJM to the Finance Committee and the role of the Finance Committee. In support of this Motion, the Joint Consumer Advocates submit as follows:

1. The Pennsylvania Office of Consumer Advocate is an independent state office within the Pennsylvania Office of Attorney General. It is empowered by Pennsylvania statute to represent the interests of consumers before the Pennsylvania Public Utility Commission and equivalent federal regulatory agencies and before the state and federal courts.

2. The name, address, telephone, facsimile and e-mail address of the Pa. OCA's designated representatives for receipt of service in this proceeding are:

Tanya J. McCloskey  
Senior Assistant Consumer Advocate  
Christy M. Appleby  
Assistant Consumer Advocate  
Pennsylvania Office of Consumer Advocate  
555 Walnut Street, 5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
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[cappleby@paoca.org](mailto:cappleby@paoca.org)

3. The Maryland Office of People's Counsel is an independent state agency established to represent the interests of residential consumers in utility cases. Pursuant to Maryland Public Utility Companies Article Section 2-205(b) (2003), the People's Counsel "may appear before any federal or state unit to protect the interest of residential...users [of gas, electricity, telephones, or water and sewage]." The name, address, telephone, facsimile and e-mail address of the MD OPC's designated representative for receipt of service are:

William F. Fields  
Assistant People's Counsel  
Maryland Office of People's Counsel  
6 St. Paul Street, Suite 2102  
Baltimore, Maryland 21202  
Telephone: (410) 767-8150  
Facsimile: (410) 333-3616  
E-mail: [BillF@opc.state.md.us](mailto:BillF@opc.state.md.us)

4. DC OPC is an independent agency of the District of Columbia government and is the statutory representative of District of Columbia consumers in public utility issues in proceedings before the District of Columbia Public Service Commission, federal regulatory agencies and state and federal courts. The name, address, phone number, facsimile number and e-mail address of the DC OPC's designated recipient for service are as follows:

Sandra Mattavous-Frye, Deputy People's Counsel  
Lopa Parikh, Esq.  
Office of People's Counsel of the District of Columbia  
1133 15<sup>th</sup> Street, N.W., Suite 500  
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Telephone: (202) 727-3071  
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E-mail: lparikh@opc-dc.gov

5. On July 1, 2005, PJM filed revisions to: (a) Schedule 9 of PJM's Open Access Transmission Tariff ("PJM Tariff") to change the rate design of PJM's administrative cost recovery from formula rates to stated rates and (b) revisions to PJM's Operating Agreement to revise and to clarify the terms concerning the provision of information by PJM to the PJM Finance Committee and the advisory role of the Finance Committee due to PJM's proposed adoption of stated rates. PJM seeks to make the revised PJM Tariff and revised Operating Agreement sheets effective September 1, 2005.

6. PJM seeks to change its method of administrative cost recovery from formula rates to stated rates. Currently, formula rates are established for PJM to recover its administrative costs. PJM collects these administrative charges from its customers under rates for five categories of services in Schedule 9 of PJM's Tariff. Exhibit PJM-1 at 3. The five service categories affected under Schedule 9 include Control Area Administrative Service; Financial Transmission Rights; Market Support; Regulation and Frequency Response Administration; and Capacity Resource and Obligation Management Service. Exhibit PJM-4 at 5-6. Under the formula rates for primary service, PJM's Control Area Administrative Service, Schedule 9-1, the charges are automatically adjusted monthly. Under formula rates for each of the other service categories, the rates are automatically adjusted annually. Transmittal Letter at 5. In place of formula rates, PJM proposes to fix charges in each of the five service categories of Schedule 9 at a rate of \$0.39/Mwh. The rate will not vary month to month and year to year as under the

current formula rates. The stated rates would change when the Commission permits a rate change, but PJM states that it expects to maintain the rates for five years. Transmittal Letter at 6. PJM seeks to establish these rates for five years. Exhibit PJM-1 at 4. Over-recoveries under the stated rates proposal would permit PJM to maintain a cash reserves fund. Under PJM's proposal, it would be permitted to seek increased rates if the stated rate did not fully recover PJM's administrative costs. PJM Exhibit-1 at 19; PJM Exhibit-4 at 18-19.

### **INTERVENTION**

7. PJM is a Regional Transmission Organization ("RTO") managing the transmission systems of electric utilities in Pennsylvania, New Jersey, Maryland, Delaware, and the District of Columbia, and through PJM West, portions of Virginia, West Virginia, Illinois, Michigan, North Carolina, Indiana, Kentucky, Tennessee and Ohio.

8. The Pennsylvania General Assembly passed a statute in December, 1996 opening up the Pennsylvania retail electric supply market to competition beginning January 1, 1999. 66 Pa. C.S. §§ 2801, et seq. (1999). By January 1, 2001, all Pennsylvania retail electric consumers, including all of the retail electric consumers served by the Pennsylvania electric utilities operating in PJM, obtained the right to choose their electric generation supplier. As a result of the introduction of retail electric competition in Pennsylvania, retail electric consumers have the opportunity to be served by suppliers who operate within PJM. Electric utilities subject to the Pennsylvania Public Utility Commission's jurisdiction, as well as alternative suppliers, are load-serving entities in PJM.

9. In January 1999, the Maryland General Assembly passed the Electric Choice and Competition Act of 1999. Maryland Public Utility Companies Code Annotated, Section 7-501, et seq. (1999). This act constitutes competition for retail electric service beginning July 1, 2000.

The majority of retail customers in Maryland purchase electricity from suppliers that operate in the PJM market.

10. In December 1999, the City Council of the District of Columbia passed the Retail Electric Competition and Consumer Protection Act of 1999. D.C. Code § 34-1501, *et seq.* (2001). The Act provides for implementation of competition for retail electric service in the District of Columbia no later than January 1, 2004, leaving the precise date for implementation to be set by the Public Service Commission of the District of Columbia. By Order No. 11796 the Public Service Commission set January 1, 2001 as the implementation date for retail competition in the District of Columbia. These suppliers and electric utilities serving D.C. retail consumers buy and/or sell capacity in PJM's market.

11. The Joint Consumer Advocates represent the interests of retail consumers in the District of Columbia, Maryland and Pennsylvania who receive their energy from load serving entities within PJM. These load serving entities purchase power from market participants in PJM and transport that power to retail consumers over the transmission systems owned by the PJM transmission owners and managed by PJM. Consequently, PJM's filing in this docket has the potential to affect the interests of the retail consumers that the Joint Consumer Advocates represent.

12. No other party can adequately represent the interests of the Joint Consumer Advocates in this proceeding. The load serving entities such as utilities and alternative suppliers who supply retail service to retail consumers in Pennsylvania, Maryland, and D.C. have a number of interests to protect, including the interests of private investors who are shareholders in their corporations. The state utility commissions likewise have a number of interests to represent in this proceeding, including the broader public interest. The wide array of interests represented

by these other parties can, and sometimes does, conflict with the narrower array of consumer interests represented by the Joint Consumer Advocates.

12. The Commission published notice of PJM's filing on July 12, 2005, requiring that the Motion to Intervene and Comments be filed by July 22, 2005.

13. This Motion to Intervene is timely filed.

WHEREFORE, the Pennsylvania Office of Consumer Advocate, Maryland Office of People's Counsel, and the Office of People's Counsel for the District of Columbia respectfully request that the Commission grant this Motion to Intervene, suspend the proposed revised tariff and Operating Agreement, and set all rate issues for full evidentiary hearing.

Respectfully submitted,

/s/ filed electronically  
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Date: July 22, 2005  
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CERTIFICATE OF SERVICE

PJM Interconnection, L.L.C.

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Docket No. ER05-1181-000

I hereby certify that I have this date served the foregoing document upon each person designated on the official service list compiled by the Secretary in the above-referenced proceeding, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure.

Dated at Harrisburg, PA this 22<sup>nd</sup> day of July 2005.

Respectfully submitted,

*/s/ filed electronically*

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Christy M. Appleby  
Assistant Consumer Advocate

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