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Andrew L. Ott  
President and CEO  
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August 5, 2016

Dear Members and Stakeholders of PJM:

PJM has been working with transmission owners and developers to resolve operational voltage and stability problems in the area known as Artificial Island in southern New Jersey. This is a very complex project, compounded by the unique design of the electrical system and geography of the area.

It has become evident to all involved that the projected costs to resolve the problems at Artificial Island have increased significantly. PJM has been examining alternatives in an attempt to offset some of the increases. In addition, questions have arisen about whether the currently proposed solution would perform as intended without further expense. Because of these concerns, PJM has come to the conclusion that a pause in the project is necessary before any new financial obligations are incurred by the project developers.

At this time, the PJM Board is suspending all elements of the Artificial Island project and directing PJM to perform a comprehensive analysis to support a future course of action. In light of the current uncertainties around the changing scope and configuration of the project, it is imperative that we understand the basis for any alternatives that may exist to manage the operational issues at Artificial Island. The Board has asked for the review to be completed by February 2017, at which time PJM will be in a position to decide how best to proceed.

Background information and details leading to this decision are outlined in a [letter from Steven Herling](#), PJM's Vice President of Planning, to the PJM membership and stakeholders.

Sincerely,

A handwritten signature in black ink that reads "Andrew L. Ott".

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