



2750 Monroe Boulevard
Audubon, PA 19403

Virginia Electric and Power Company
Ronnie Bailey
701 East Cary Street
Richmond, VA 23219

Transource Energy, LLC
Takis Laios
1 Riverside Plaza,
Columbus Ohio, 43215

LS Power Development, LLC
Sharon Segner
400 Chesterfield Center, Suite 110
St. Louis, MO 63017

Public Service Electric and Gas Company
Kim C. Hanemann
4000 Hadley Road
South Plainfield NJ 07080

August 12, 2014

RE: Artificial Island Supplemental Proposal Request

Project P2013_1-1A - Two (2) Thyristor Controlled Series Compensation (TCSC) Devices near New Freedom¹ (Dominion)

Proposal P2013_1-1C - Install a new 500kV line from Hope Creek - Red Lion without Salem Hope Creek 2nd Tie (Dominion)

Proposal P2013_1-2B - Two (2) 500/230 transformers near Salem and loop in Red Lion - Cartanza 230 and Red Lion - Cedar Creek 230 kV (Transource)

Proposal P2013_1-5A - New 230 kV station that taps existing Cedar Creek - Red Lion 230kV and Cartanza - Red Lion 230kV, submarine and overhead (LS Power)

Proposal P2013_1-7K New 500kV Hope Creek - Red Lion Line, without Salem-Hope Creek 2nd Tie (PSE&G)

Dear Proposer,

At the July Board meeting, the PJM Board deferred selection for the Artificial Island project solution in order to obtain additional information. PJM staff will be gathering additional information from those entities that have proposed projects that have passed the various levels of analysis undertaken by staff as laid out at the May 19 TEAC meeting. As described in the July 23rd letter to the TEAC, finalist bidders will have the opportunity to supplement their proposals.

¹ Based on Dominion's July 16th letter, PJM has determined that it would be appropriate to seek additional information as outlined above regarding the Dominion 1A project.

PJM is inviting you as a “finalist” bidder (Proposer) to submit final terms of project costs. We reiterate that cost is only one of several considerations that will be a factor in the final selection for the AI Project Proposal Window. This request is not open for Proposers to make changes to the project scope. The scope of a submission must be limited to factors that specifically address project cost. If a Proposer wishes to supplement its proposal in terms of cost, the Proposer must include sufficient detail for PJM to evaluate the details of its cost proposal, including the specific details surrounding any cost cap that a proposer wishes to submit. Submission of a cost cap is not required but if a Proposer wishes to submit a cost cap, the Proposer must be explicit in identifying the scope of the work that is included and excluded from the project cost or cost cap. Any contractual terms and conditions that would apply to the proposed project cost or cost cap must also be specified in the submission.

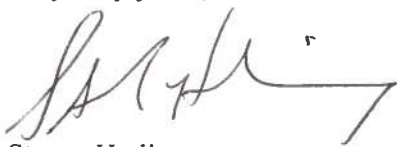
Each project’s scope of work under consideration is that which was studied by PJM with respect to performance criteria including PJM modifications as noted on the attached diagrams and as discussed at the May 19 TEAC meeting. Any supplemental proposal must be consistent with the attached diagrams. Proposers must affirm the project schedule based on scope with PJM modifications and projected in-service date.

Further, it has been brought to PJM’s attention that the State of Delaware public utility regulations may restrict the ability of a developer to site and construct new transmission in Delaware if the Proposer does not currently have a service territory as established by the state commission in the area of their project. Therefore, PJM requests that all Proposers who have submitted projects that require construction within the state of Delaware, provide a detailed response, including legal references, as well as confirmation from the Delaware Public Service Commission or the Office of the Delaware Attorney General regarding Proposer’s legal ability to site and construct transmission in the State of Delaware consistent with its project proposal.

If you wish to supplement your proposal, the submission must be sent to PJM at RTEP@pjm.com no later than close of business on September 12, 2014 for consideration.

We appreciate your continued cooperation as we move forward on the Artificial Island competitive solicitation process.

Very truly yours,



Steven Herling
Vice President – Planning

Attachment

CC:

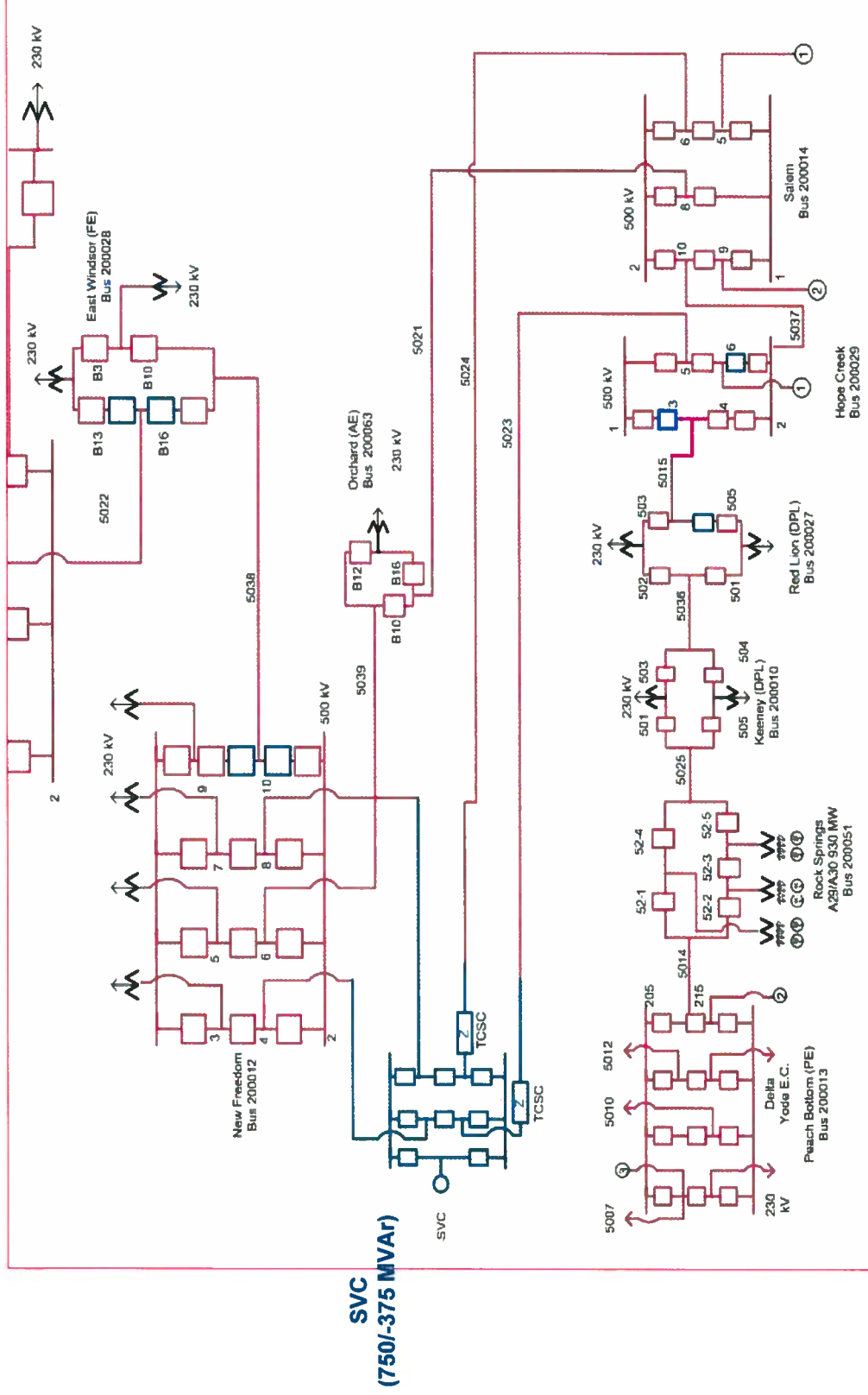
Terry Boston
Mike Kormos
Paul McGlynn
Mark Sims
Suzanne Glatz
Pauline Foley



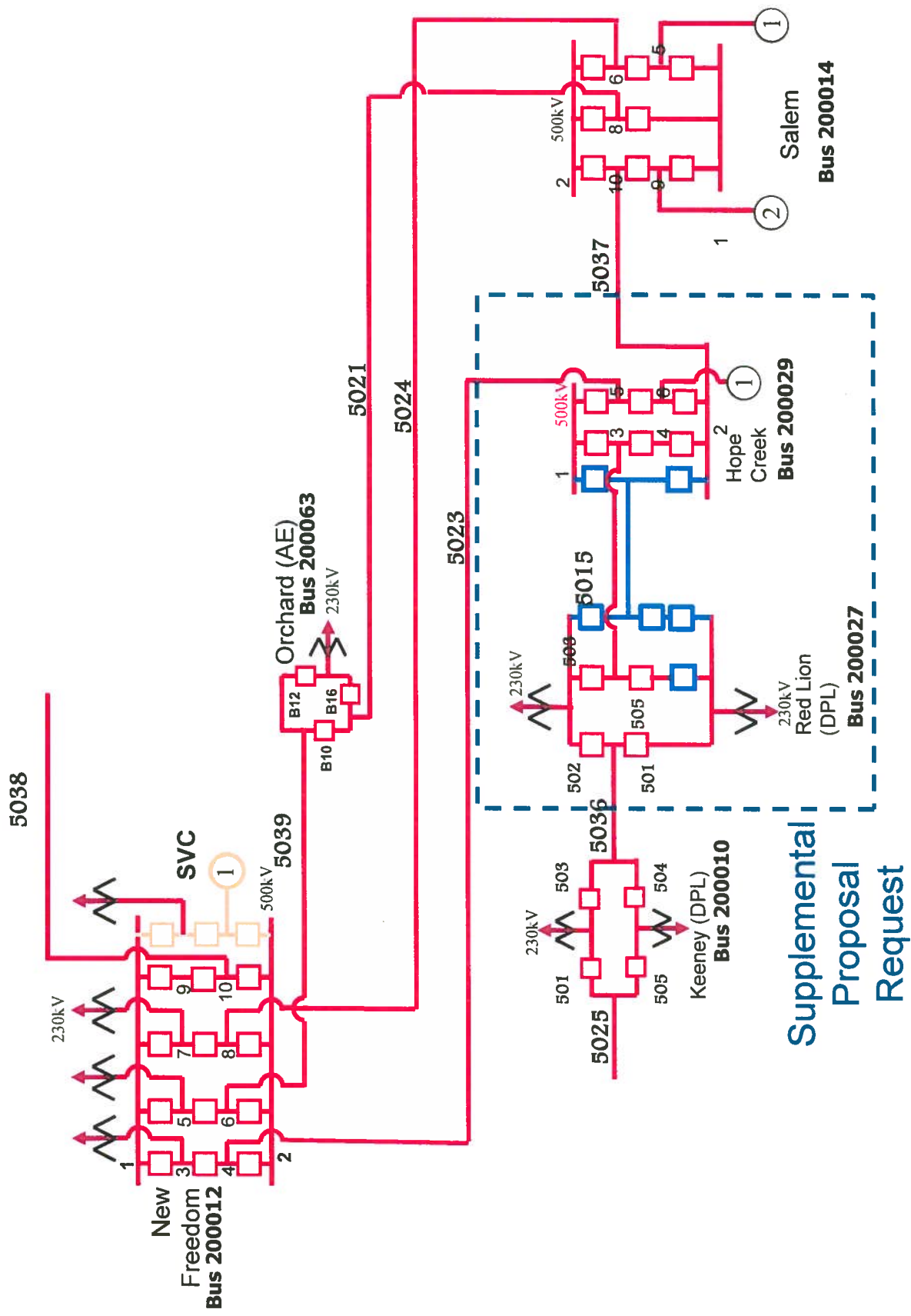
Appendix – Artificial Island Supplemental Request

August 11, 2014

DVP 1A

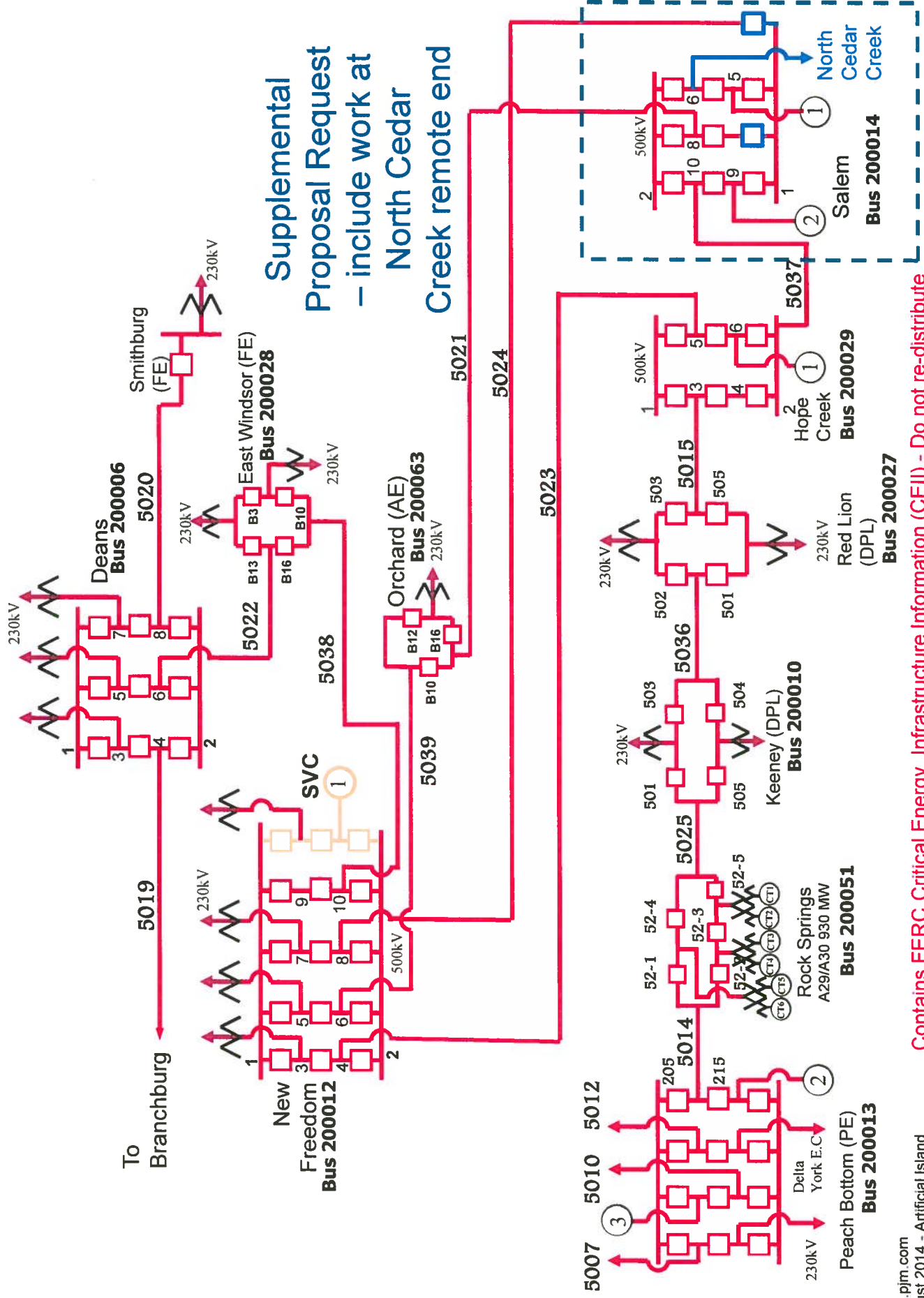


DVP 1-1C w/o Salem - HC 2nd Tie + SVC at New Freedom



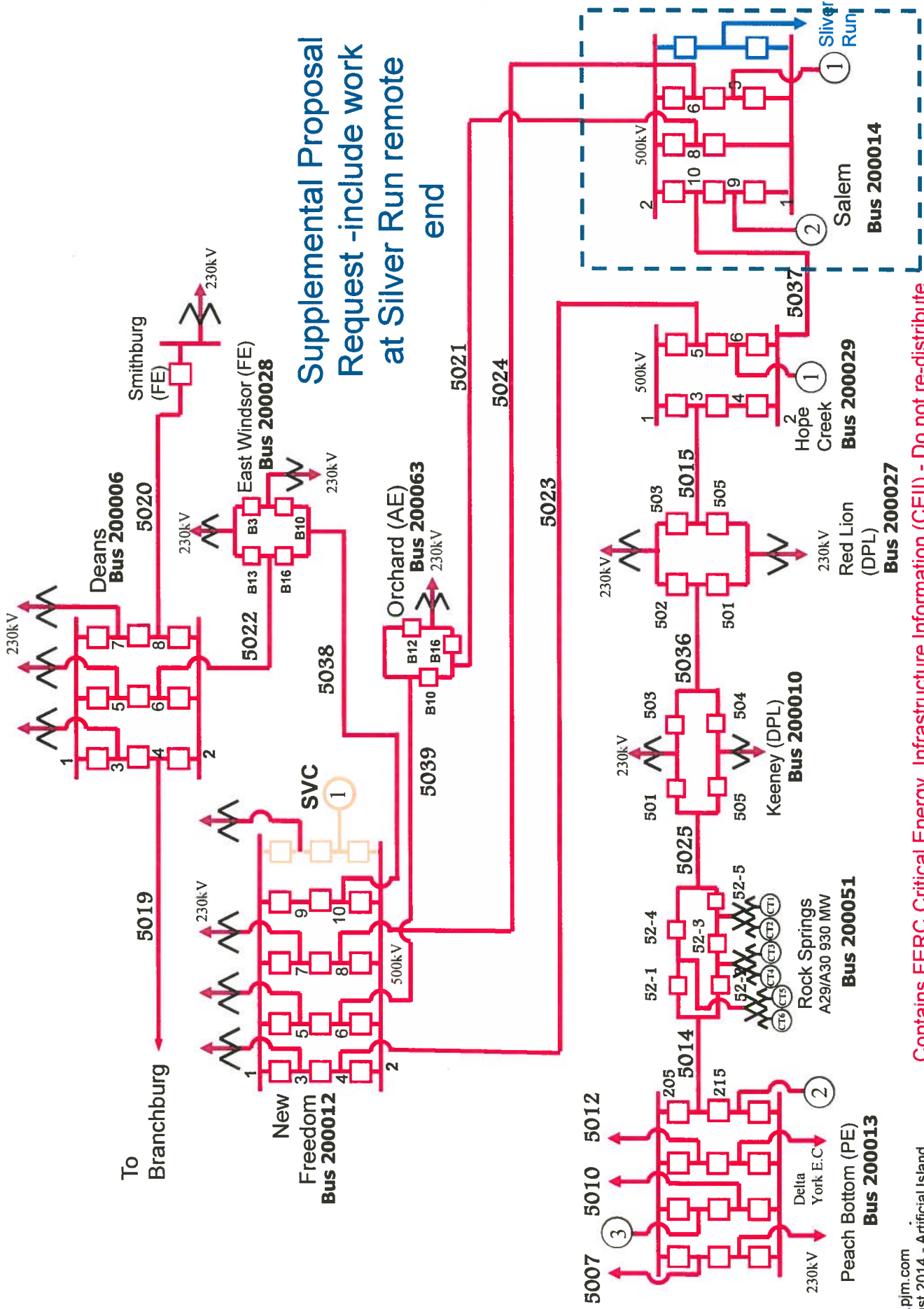
Supplemental Proposal Request

Transource 1-2B + SVC at New Freedom



Contains FERC Critical Energy Infrastructure Information (CEII) - Do not re-distribute

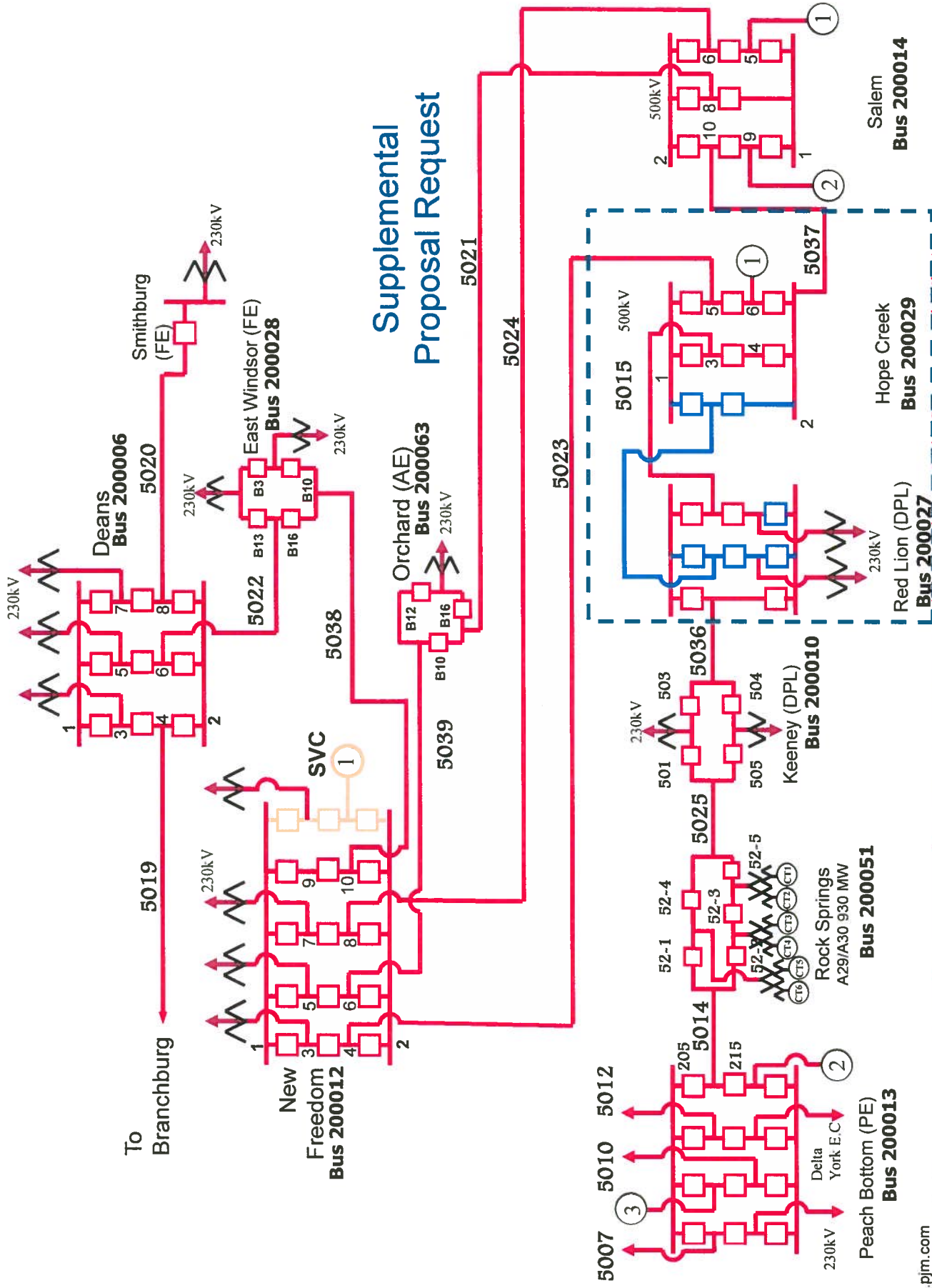
LS Power 1-5A + SVC at New Freedom



Supplemental Proposal
Request -include work
at Silver Run remote
end

Contains FERC Critical Energy Infrastructure Information (CEII) - Do not re-distribute

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PSE&G 7K – Red Lion to Hope Creek w/o Salem - Hope Creek 2nd Tie + SVC at NF



Contains FERC Critical Energy Infrastructure Information (CEII) - Do not re-distribute



Appendix A – Artificial Island Supplemental Request

- **Revision History**
 - 8/12/2014
 - Original version