

Executive Summary
Trans-Allegheny Interstate Line Company Filing with the Pennsylvania Public
Utility Commission

I. Description of Company and Project

On April 13, 2007, Trans-Allegheny Interstate Line Company ("TrAILCo") filed a comprehensive Application with the Pennsylvania Public Utility Commission ("Commission") seeking, among other things, authorization to locate, construct, operate and maintain certain high voltage electric transmission lines and related facilities in portions of south central Pennsylvania.

TrAILCo was formed in the Fall of 2006 by Allegheny Energy, Inc., the parent company of West Penn Power Company ("West Penn"), to locate, construct, operate and maintain a new 500/138 kilovolt ("kV") substation in Washington County, Pennsylvania ("Prexy Substation"), a new 500 kV substation in Greene County, Pennsylvania ("502 Junction Substation"), a new 500 kV transmission line to connect the Prexy Substation and the 502 Junction Substation ("Prexy Segment"), three new 138 kV transmission lines with double circuit construction from the Prexy Substation ("Prexy 138 kV Lines") to connect with existing transmission lines of West Penn, and a new 500 kV transmission line in Pennsylvania from the 502 Junction Substation to the Pennsylvania-West Virginia state line ("Pennsylvania 502 Junction Segment"). To meet the reliability needs of West Penn and its Pennsylvania customers, the power will flow from the 502 Junction Substation north to the Prexy Substation.

Together, the Prexy Segment and the Prexy 138 kV Lines will cross approximately 53 miles in Pennsylvania with approximately five miles of the Prexy 138 kV Lines located on the same right-of-way as the Prexy Segment. The length of the proposed route for the Pennsylvania 502 Junction Segment is approximately 1.2 miles.

Although not located in Pennsylvania, TrAILCo also plans to locate, construct, operate and maintain a 500 kV electric transmission line and related facilities from the Pennsylvania-West Virginia state line, extending across West Virginia and running eastward into Virginia. The electric transmission lines, substations and related facilities in Pennsylvania, West Virginia and Virginia described above are collectively referred to as the Trans-Allegheny Interstate Line ("TrAIL").

The "need" for the Pennsylvania-based components of TrAIL is based almost entirely on the critical importance of maintaining electric transmission system reliability in Pennsylvania, which directly impacts West Penn and its Pennsylvania customers.

II. TrAIL and the PJM Planning Process

TrAIL is the direct outgrowth of a five-year regional planning effort conducted by PJM Interconnection, L.L.C. ("PJM"). PJM is the regional transmission organization that manages electricity for a region that includes approximately 51 million people in all or

parts of 13 states (including most of Pennsylvania) and the District of Columbia ("PJM Region"). PJM coordinates the movement of electricity, ensures the reliability of the transmission grid, and plans transmission enhancement and expansion of the transmission system in the PJM Region.

In June 2006, PJM approved a five-year regional expansion plan ("RTEP") designed to maintain the reliability of the electric transmission grid in the PJM Region. The RTEP specifically designated Allegheny Power (the trade name under which West Penn and its affiliated operating utilities, The Potomac Edison Company and Monongahela Power Company conduct business) to build the facilities constituting TrAIL. Consistent with the PJM mandate in the RTEP, TrAIL is expected to provide greater electric reliability in PJM generally. West Penn customers in Pennsylvania will be direct beneficiaries of the improved reliability that will result from the construction and operation of TrAIL in Pennsylvania.

III. TrAIL Timetable, Project Cost Estimate and Commission Hearing Schedule

The Prexy Facilities, 502 Junction Substation and the Pennsylvania 502 Junction Segment have estimated in-service dates from November 2009 to June 2011. The Prexy Facilities, 502 Junction Substation and the Pennsylvania 502 Junction Segment are currently estimated to cost \$208 million to construct.

To meet PJM's reliability requirements and to ensure that the delivery of electricity in Pennsylvania and throughout the PJM Region remains reliable by 2011, it is critical that the Commission proceeding addressing the relief sought in the Application be completed by no later than April 13, 2008. Therefore, TrAILCo is requesting expedited consideration of the Application so that the actual siting, construction and ultimate operation of TrAIL can be accomplished within the time period directed by PJM.

IV. Relief Requested in the Application

The Application filed with the Commission seeks the following:

- Authorization, via a certificate of public convenience, to locate, construct, operate and maintain the Pennsylvania components of TrAIL;
- A certificate of public convenience from the Commission authorizing TrAILCo to be a "public utility" under Pennsylvania law;
- Authority to exercise the power of eminent domain in order to obtain the rights of way and fee interests needed to locate and construct the 500 and 138 kV electric transmission lines and related facilities in Pennsylvania;
- Approval of an exemption from local zoning regulations regarding the construction of buildings that may be necessary for new substations associated with TrAIL;
- Approval of certain affiliated interest arrangements between TrAILCo and its affiliates, including West Penn's transfer of certain rights-of-way and fee interests

to TrAILCo necessary to locate and construct certain of the electric transmission lines and related facilities in Pennsylvania; and

- A waiver of any future requirement to file and seek any Commission approval of any capital funding and contribution agreements between TrAILCo and any affiliate company.

V. Pre-Filed Testimony

In order to facilitate the Commission's prompt review and approval of the Application, TrAILCo has submitted with the Application the prepared written direct testimony of the following witnesses:

- TrAILCo Statement No. 1 - David E. Flitman, President of TrAILCo and Allegheny Power – Introduction of witnesses, description of TrAILCo, Allegheny's interest in transmission development, support for TrAILCo's request for certification as a public utility and sponsorship of the Table of Nomenclature referred to in the direct testimony of TrAILCo witnesses;
- TrAILCo Statement No. 2 - Lawrence A. Hozempa, Senior Engineer for TrAILCo and Allegheny Power – Description of TrAIL, the electrical need for TrAIL, Allegheny Power's involvement in the PJM planning process, and the relationship of Allegheny Power transmission facilities to the PJM Transmission System;
- TrAILCo Statement No. 3 - Steven R. Herling, Vice President of Planning for PJM – PJM planning process, the relationship of TrAIL to PJM's regional transmission plan and the electrical need for TrAIL;
- TrAILCo Statement No. 4 - Scott Gass, Principal Consultant for PowerGEM – The electrical need for TrAIL;
- TrAILCo Statement No. 5 - Jack Halpern, Senior Consultant with The Louis Berger Group, Inc. – The Route Evaluation Report and Environmental Report;
- TrAILCo Statement No. 6 - Alan Fleissner, Senior Consulting Engineer for TrAILCo and Allegheny Power – Process for selecting the proposed routes for TrAIL, relationship of the route to existing transmission line right-of-way, and the process for acquiring additional right-of-way;
- TrAILCo Statement No. 7 - John Bodenschatz, Senior Engineer for TrAILCo and Allegheny Power - Design, engineering, construction, operation and maintenance of TrAIL;
- TrAILCo Statement No. 8 - Dr. William Bailey, Principal Scientist for Exponent – Effects of electric and magnetic fields from TrAIL;
- TrAILCo Statement No. 9 - Dr. Gary Johnson, Senior Managing Engineer of Exponent – Effects of electric and magnetic fields and audible noise from TrAIL; and
- TrAILCo Statement No. 10 - Mark Mader, Director, Rates, for TrAILCo and Allegheny Power - Impact of TrAIL on retail rates of West Penn, and affiliated interest arrangements.

All required notices of the Application have been provided in accordance with applicable Commission regulations and the Pennsylvania Public Utility Code.