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State Bar No. 5991

March 30, 2007

**Via Hand Delivery**

**Expedited Consideration Requested**

Ms. Sandra Squire  
Executive Secretary  
Public Service Commission of West Virginia  
201 Brooks Street  
Post Office Box 812  
Charleston, West Virginia 25323

Re: Case No. 07-\_\_\_\_\_-E-\_\_\_\_\_  
Application of Trans-Allegheny Interstate Line  
Company for a certificate of public convenience  
and necessity under W. Va. Code § 24-2-11a  
authorizing the construction and operation of the  
West Virginia segments of a 500 kV electric  
transmission line and related facilities in Monongalia,  
Preston, Tucker, Grant, Hardy, and Hampshire  
Counties, and for related relief

Dear Ms. Squire:

Please find enclosed an original and twelve copies an “Application for Certificate of Public Convenience and Necessity and For Related Relief” (“Application”) filed by Trans-Allegheny Interstate Line Company (“TrAILCo”).

**The TrAIL Project and the West Virginia Segments**

In the Application, TrAILCo requests that the Commission issue a certificate of public convenience and necessity pursuant to W. Va. Code § 24-2-11a (“Certificate”) authorizing TrAILCo to construct and operate the West Virginia segments of a 500 kV electric transmission line in north-central and north-eastern West Virginia, including its towers, conductors and the terminal equipment and related facilities (the “West Virginia Segments”). The West Virginia Segments, together with transmission lines to be constructed in Pennsylvania and Virginia, have become known as the “Trans-Allegheny Interstate Line,” generally referred to by its acronym, TrAIL.

The West Virginia Segments of TrAIL will consist of approximately 114 miles of 500 kV transmission line and related facilities in Monongalia, Preston, Tucker, Grant, Hardy, and Hampshire Counties, entering West Virginia from Pennsylvania approximately 0.9 miles northwest of Bowlby in Monongalia County, and exiting West Virginia into Virginia approximately 2.5 miles east of Capon Springs in Hampshire County. Only the West Virginia Segments, and not the components of TrAIL located outside West Virginia, are included in the scope of the Application.

### **TrAIL Is a Solution to Identified Transmission Reliability Violations**

This Application arises from the efforts of PJM Interconnection, L.L.C. (“PJM”), working in conjunction with Allegheny Power, Dominion Virginia Power, and other PJM transmission owners, to address serious transmission reliability problems in the PJM Region. In the 2011 Regional Transmission Expansion Plan approved by the PJM Board of Managers in June 2006, PJM identified system reliability violations that require the construction of transmission upgrades to maintain the reliability of the PJM transmission system.

PJM has determined that the West Virginia Segments of TrAIL, together with the portions of TrAIL in Pennsylvania and Virginia and interconnected facilities to be constructed by Dominion Virginia Power in Virginia, are the most effective means to address these deficiencies in transmission capacity. To address these projected reliability violations, PJM directed Allegheny Power to finance, construct, own, operate, and maintain a new 500 kV transmission line across the West Virginia portion of the Allegheny Power transmission zone in PJM, much of which is located in West Virginia. Allegheny Energy has delegated these responsibilities to TrAILCo.

### **No Expected Cost Impact on Allegheny Power’s West Virginia Customers**

PJM allocates the cost of reliability-based transmission upgrades, including TrAIL, on a cost-causation basis. Using an analysis of applicable reliability criteria, PJM identifies the entities that cause the reliability violation and designates those entities as responsible for the cost of the transmission upgrade. Initial PJM cost allocations filed by PJM with the Federal Energy Regulatory Commission have allocated all costs for the West Virginia Segments to PJM transmission zones other than the Allegheny Power Zone. Accordingly, assuming that these initial cost allocations are upheld by FERC, Allegheny Power’s West Virginia retail electric customers will not be responsible, directly or indirectly, for the costs associated with the financing, construction, ownership, or operation of the West Virginia Segments.

### **TrAIL Project Schedule and Need for Decision by January 2008**

In the Application, TrAILCo seeks Commission approval to construct the West Virginia Segments as directed by PJM. For the reasons identified in this Application and in TrAILCo's supporting testimony (also provided with this filing), TrAILCo believes that the West Virginia Segments of TrAIL are an effective solution for addressing the long-term reliability issues in the PJM Region and fully satisfy the statutory requirements of W. Va. Code §24-2-11a(d) for the issuance of a Certificate.

To meet PJM requirements and assure continued reliability of the PJM transmission system (including major transmission facilities in West Virginia), TrAILCo must finance and construct TrAIL and place it into service by June 2011. To meet this aggressive schedule, TrAILCo requests that the Commission issue the Certificate and grant the other relief requested in the Application before January 2008. Accordingly, TrAILCo requests that the Commission accord *expedited consideration* of this Application.

#### **Related Requests for Relief in the Application**

In addition to its request for a Certificate, TrAILCo respectfully requests in the Application that the Commission:

- (i) Issue a Notice of Filing by April 6, 2007 directing TrAILCo to publish notice of this filing;
- (ii) To the extent required, waive the requirements of Tariff Rule 42;
- (iii) Determine that TrAILCo will be a West Virginia public utility within the meaning of W. Va. Code §§24-1-2 and 24-2-1 for all purposes upon the Commission's issuance of the Certificate;
- (iv) Determine the inapplicability of or waive the requirements of W. Va. Code §24-2-12 in respect of certain existing agreements or, in the alternative, approve the forms of those agreements prospectively from the Commission's issuance of a Certificate;
- (v) Determine the inapplicability of or waive the requirements of W. Va. Code § 24-2-12a in respect of TrAILCo's issuance of common stock or, in the alternative, approve TrAILCo's issuance of common stock prospectively from the Commission's issuance of a Certificate;

(vi) Retain this case and grant it *expedited consideration* in accordance with the Commission's procedures, including the issuance of a procedural schedule with a hearing date in mid-October 2007 that will permit the Commission to enter an order granting all relief requested in the Application not later than December 31, 2007;

(vii) Waive hearing on the Application if no substantial protest is received; and

(viii) Grant such additional authorizations, waivers, approvals, and other relief as may be necessary to permit TrAILCo to begin construction-related activities of the West Virginia Segments of TrAIL in January 2008.

### **Components of Application**

To facilitate the Commission's timely review, the Application includes all materials specified in W. Va. Code §24-2-11a(b) and Electric Rule 9.2 as well as all of TrAILCo prefiled direct testimony in support of the requested relief. The Application's appendices include the following:

Appendix A	Map – Proposed Location of West Virginia Segments
Appendix B	Rule 9 Maps (included in a separate binder with the Application)
Appendix C	Narrative Description of Line Route
Appendix D	Route Evaluation Report and Environmental Report (the “Line Route Evaluation,” or “LRE”)
Appendix E	TrAILCo Certificates of Incorporation and West Virginia Certificate of Good Standing
Appendix F	Existing Agreements
	Tab 1          Service Agreement
	Tab 2          Capital Contribution Agreement
Appendix G	TrAILCo Direct Testimony

Tab 1	David E. Flitman
Tab 2	Lawrence A. Hozempa
Tab 3	Steven R. Herling
Tab 4	Scott Gass
Tab 5	Jack Halpern
Tab 6	Alan Fleissner
Tab 7	John R. Bodenschatz
Tab 8	Dr. William Bailey
Tab 9	Dr. Gary Johnson
Tab 10	Mark Mader
Tab 11	Dr. Tom Witt

Appendix H            Table of Nomenclature

**Other Materials Submitted with the Application**

In addition to the Application itself, we enclose the following materials for the Commission's use:

1. An original and twelve copies of Form No. 4 of the Commission's Procedural Rules, which references applicable portions of the Application.

2. An original and twelve copies of Form No. 14 of the Commission's Procedural Rules (Proposed Notice of Filing), which describes the West Virginia Segments of TrAIL. Included with Form No. 14 are proposed publication maps to be inserted in the publication of notice, including in each case a map depicting the entire West Virginia Segments as well as a county-specific map for each of the nine counties in which publication is planned. Pursuant to W. Va. Code § 24-2-11a(c), TrAILCo requests the Commission to issue an order by Friday, April 6, 2007 directing TrAILCo to publish notice of the filing of this Application as a Class II publication (i) in Monongalia, Preston, Tucker, Grant, Hardy, and Hampshire Counties (counties that are crossed by the proposed line route, as required by W. Va. Code § 24-2-11a(c)); and (ii) also in Marion, Taylor, and Mineral Counties (where a portion of the ten-mile corridor surrounding the proposed line route appears, but not the proposed line route itself).

TrAILCo has provided the form of Form No. 14 to the Commission Staff for its review, including both the text and samples of the county-specific maps. In addition to the hard copies enclosed for filing, TrAILCo has sent a copy of Form No. 14

Ms. Sandra Squire  
March 30, 2007  
Page 6 of 6

by electronic mail to you ([ssquire@psc.state.wv.us](mailto:ssquire@psc.state.wv.us)) and Pam Hicks ([phicks@psc.state.wv.us](mailto:phicks@psc.state.wv.us)) per Ms. Hicks' request.

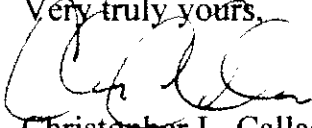
### **Public Information Efforts**

In an effort to make the Application and its supporting materials more readily available, TrAILCo will distribute a copy of the Application, including the appendices thereto, to the following information repositories: the offices of the Clerks of the County Commissions of the nine counties referenced above; the Morgantown Public Library; Cheat Area Public Library; Kingwood Public Library; Five Rivers Public Library; Grant County Public Library; Hardy County Public Library; Hampshire County Public Library; Marion County Public Library; Keyser-Mineral County Public Library; and Taylor County Public Library. We will file with your office copies of the letters to these repositories. The public will also have access to the Application at [www.aptrailinfo.com](http://www.aptrailinfo.com).

Please note the appearance of Christopher L. Callas, John Phillip Melick, and Talal B. Husn, of Jackson Kelly PLLC, and Randall B. Palmer and Gerald R. Deaver of Allegheny Energy, Inc. as counsel to TrAILCo.

Please file these materials, circulate the twelve additional copies to the appropriate parties at the Commission, and date stamp the extra copy provided and return it with our messenger.

Please call me if you have any questions. We appreciate your assistance in this matter.

Very truly yours,  
  
Christopher L. Callas

### **Enclosures**

cc: Randall B. Palmer, Esq. (w/enc.)  
Gerald R. Deaver, Esq. (w/enc.)  
Caryn Watson Short, Esq. (w/enc.)  
Billy Jack Gregg, Esq. (w/enc.)  
Derrick P. Williamson, Esq. (w/enc.)