



1600 LAIDLEY TOWER • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

DIRECT TELEPHONE: (304) 340-1251

DIRECT TELECOPIER: (304) 340-1080

E-Mail: callas@jacksonkelly.com

State Bar No. 5991

August 10, 2007

Via Hand Delivery

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. 07-0508-E-CN
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:

Enclosed please find an original and twelve copies of several documents submitted to supplement TrAILCo's certificate application filed on March 30, 2007 ("Application"):

Tab 1 Revised Direct Testimony of Mark A. Mader dated August 10, 2007

As TrAILCo noted in its May 23, 2007 filing ("May 23 Filing"), certain changes in circumstance have occurred since the filing of the Application that necessitated revisions to the notice of filing submitted with the Application. These changes included (i) the Federal Energy Regulatory Commission's ruling in Opinion No. 494, in which the FERC held, among other things, that the allocation of costs for new 500 kV transmission

facilities should be made on a basis different from the operating assumptions in the Application; (ii) changes in the description and location of the Virginia facilities to be owned by TrAILCo and Dominion Virginia Power; and (iii) changes in the cost estimates for TrAIL. Each of these changes, as well as their substantive impact, was explained in the study area and statewide notices of publication that TrAILCo included with the May 23 Filing and that the Commission ordered be published, with minor revisions, in a Commission Order dated June 11, 2007 (“June 11 Order”).¹ Mr. Mader’s revised testimony addresses the FERC ruling mentioned above, describes the allocation of the revenue requirements of TrAILCo and Dominion Virginia Power to load serving entities in West Virginia, quantifies the projected rate impact on electric customers in West Virginia, and provides updated project cost estimates. Because the substance of this revised testimony, due to these subsequent changes in circumstance, varies significantly from the substance of Mr. Mader’s direct testimony filed with the Application, TrAILCo submits his revised testimony as a replacement of, not a supplement to, his original testimony.

Tab 2 Supplemental Direct Testimony of Alan J. Fleissner dated August 10, 2007

Mr. Fleissner’s supplemental direct testimony describes the changes mentioned in the May 23 Filing in the description and location of the Virginia facilities to be owned by TrAILCo and Dominion Virginia Power. Unlike Mr. Mader’s revised direct testimony, Mr. Fleissner’s testimony is intended to supplement, not replace, his original testimony.

Tab 3 Supplemental Direct Testimony of Jack Halpern dated August 10, 2007

In the June 11 Order, the Commission required TrAILCo to conduct a study of the line route proposed by the Consumer Advocate Division (described in the materials attached to this letter and referenced below as the “Grafton Area Route”) within sixty days of the date of the order, or by August 10, 2007. The Commission also required TrAILCo to file supplemental

¹ TrAILCo has completed these publications and filed all affidavits of publication with your office.

testimony in respect of the Grafton Area Route and to provide a description of it in the form of a supplemental Form No. 14.

Mr. Halpern's supplemental direct testimony describes and supports the supplemental route evaluation report prepared by the Louis Berger Group/Commonwealth Associates, Inc. on the Grafton Area Route ("Grafton Area Route Evaluation").

Tab 4 Grafton Area Route Evaluation

In addition to its evaluation of the Grafton Area Route, the Grafton Area Route Evaluation compares the Grafton Area Route to that portion of the Preferred Route described in Appendix D to the Application that the Grafton Area Route, if approved, would replace. In summary, TrAILCo has determined that the Preferred Route is preferable to the Grafton Area Route in a number of important ways.

Tab 5 Supplemental Form No. 14 (Grafton Area Route)

The Supplemental Form No. 14 (Grafton Area Route) provides a detailed description of the Grafton Area Route. TrAILCo proposes that the Commission direct TrAILCo to publish Supplemental Form No. 14 (Grafton Area Route) as a Class I legal advertisement in Monongalia, Marion, Taylor, and Preston Counties, the counties in which the study area for the Grafton Area Route, as set forth in Figure 1-1 of the Grafton Area Route Evaluation, is located. We will be happy to provide you with an electronic copy of the text of this document on request.

Tab 6 Errata for Route Evaluation Report and Environmental Report (Appendix D to the Application)

TrAILCo has identified some minor corrections that should be made to Appendix D to the Application. These corrections are described in the cover sheets and are shown in blacklined format in the replacement pages provided. The corrections are minor, non-substantive, and self-explanatory. The replacement pages are intended to be substituted for the existing pages of Appendix D.

Tab 7 Tax Allocation Agreement and Amendment to Tax Allocation Agreement to Include TrAILCo and Allegheny Energy Transmission, LLC

In paragraphs 31-33 of the Application, TrAILCo identified two existing agreements between TrAILCo and affiliated companies (described collectively in the Application as the “Existing Agreements”).² TrAILCo noted that the Existing Agreements were in place and the parties to them will have commenced performance of their respective obligations under them prior to the Commission’s issuance of a certificate in this case and its determination that TrAILCo is a public utility under West Virginia law. Although the Commission would have authority to grant its prior consent and approval to the Existing Agreements on and after its certification of TrAIL, no requirement of Commission approval currently exists or should be deemed to exist after the Commission certifies TrAIL. Accordingly, TrAILCo requested that the Commission recognize the existence of the Existing Agreements and either (i) determine that TrAILCo is not required to obtain Commission approval of the Existing Agreements under W. Va. Code §24-2-12 in respect of the Existing Agreements or (ii) waive the requirements of W. Va. Code §24-2-12 in respect of the Existing Agreements. In the alternative, TrAILCo asserted that the Existing Agreements satisfy the requirements of W. Va. Code §24-2-12 and requested that the Commission approve the forms of the Existing Agreements, without approving the respective terms and conditions thereof, on and after the date of its certification of TrAIL.

TrAILCO has identified another affiliate agreement that should be considered as an Existing Agreement in the Application. Collectively attached as Tab 7 to this letter are (i) a copy of the existing Tax Allocation Agreement among Allegheny Energy, Inc., and its various subsidiaries and (ii) an amendment to that agreement in which TrAILCo and Allegheny Energy Transmission, LLC became participants in the Tax Allocation Agreement (together, the “Amended Tax Allocation Agreement Amendment”). As the Commission knows, the Amended Tax Allocation

² These included a Service Agreement between TrAILCo and Allegheny Energy Service Company and a Capital Contribution Agreement between TrAILCo and Allegheny Energy Transmission, LLC.

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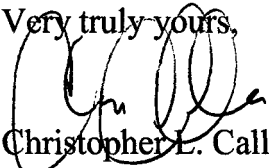
Agreement relates to the filing by Allegheny Energy of a consolidated federal income tax return on behalf of itself and its subsidiaries.

TrAILCo submits that the Amended Tax Allocation Agreement should be considered as one of the Existing Agreements described in the Application and that the requests for relief set forth in paragraphs 31-33 and 40(d) of the Application should apply equally to the Amended Tax Allocation Agreement. Moreover, the discussions set forth in TrAILCo's filings with the Commission of August 1 and August 8, 2007 (relating to TrAILCo's position on its request for a waiver of the applicability of W. Va. Code §24-2-12 as it relates to the Existing Agreements) should be read to apply equally to the Amended Tax Allocation Agreement.

We have served copies of this letter and its attachments to all parties and putative intervenors. We also intend to provide copies to the various county commissions and public libraries that hold copies of the Application (see "Public Information Efforts," page 6 of the Application filing letter dated March 30, 2007). Finally, TrAILCo intends to provide public access to this material at www.aptrailinfo.com.

Please file this letter and its attachments and circulate the twelve additional copies to the appropriate parties at the Commission. We also ask that you date stamp the extra copies provided and return them with our messenger. As always, we appreciate your assistance in this matter.

Very truly yours,



Christopher L. Callas

Enclosures

cc: Randall B. Palmer, Esq. (w/enc.)
Caryn Watson Short, Esq. (w/ 2 enc.)
All Other Parties on Most Recent Certificate of Service (w/enc.)