

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

**In Re: Application of Trans-Allegheny
Interstate Line Company (TrAILCo)**

**Public Meeting – November 19, 2010
1204960-ALJ
Docket Nos. A-110172; A-1110172F002-
F004; and G-00071229**

STATEMENT OF VICE CHAIRMAN TYRONE J. CHRISTY

When an application to construct a major transmission project is filed at the Commission, all viable alternatives should be rigorously evaluated in a transparent, on-the-record proceeding, with the involvement of all affected and interested parties. Transmission-related additions and upgrades should be subject to the same type of ‘least cost purchasing’ review that is standard in other areas of public utility regulation.

In 2008, the Commission approved, in part, an application filed by Trans-Allegheny Interstate Line Company (TrAILCo), but remanded that part of the application pertaining to the Prexy Facilities to the Office of Administrative Law Judge for further consideration. The Commission convened a voluntary collaborative (Collaborative) among the parties to explore alternatives to the proposed Prexy Facilities.

Before the Commission for disposition is Administrative Law Judge (ALJ) Mark A. Hoyer’s Recommended Decision on Remand (Decision). The ALJ recommends that the Joint Petition for Settlement (Settlement) regarding the Prexy Facilities be approved without modification. As initially proposed, the estimated cost of the Prexy Facilities was \$213 million. As a result of the Collaborative and Settlement, an alternative plan was developed and agreed to by the parties to the proceeding. The cost of the alternative for the Prexy Facilities is only \$11.6 million. Selection of this alternative also obviates the need to acquire additional land through the exercise of eminent domain and resolves all reliability concerns in a satisfactory manner.

The Collaborative process was managed and facilitated by The Keystone Center, with independent technical advice provided by Whitfield Russell Associates (WRA). WRA initially developed nine specific transmission solutions for consideration, which it later narrowed down to three possibilities.¹ After further consideration and study WRA recommended two possible solutions, S5 and S7. The parties considered WRA’s report, and agreed that S5 should be

¹ Also, WRA stated, “...demand response and energy efficiency are very real cost-effective options for addressing reliability problems that arise from demand growth where such options have not been fully implemented. WRA recommends that those options continue to be pursued by AP or TrAILCo, local governments and state regulators in order to defer or eliminate transmission upgrades that might be needed in the years beyond 2010 and 2013. However, WRA recognizes that demand response in amounts sufficient to remove criteria violations in the area of concern cannot realistically be expected to be put in place in the short time period available before violations begin to occur for Category B events.”

selected instead of TrAILCo's original proposal. WRA concurred with the decision to pursue the S5 solution and explained its reasoning in its report.

The results of this Collaborative highlight the fact that there are many different alternatives that should be evaluated prior to making definitive decisions regarding proposed transmission/reliability improvement projects. Transmission and reliability concerns can be addressed with a number of tools, including the addition of generating facilities at strategic locations, demand and conservation technologies, and upgrades to existing transmission facilities. While the comparative economic analysis of these alternatives can be complicated, the costs can be quantified and decisions should be made accordingly. Parties to transmission line proceedings must be given access to the applicant's technical data and analysis, so that they are able to perform their own independent modeling analysis of various transmission alternatives.

Recently the Commission finalized important revisions to the filing requirements for transmission line applications. *Re: Interim Guidelines for the Filing of Electric Transmission Line Siting Applications*, M-2009-2141293 (Order adopted November 4, 2010). The Interim Guidelines include enhanced filing requirements pertaining to the evaluation of alternative transmission routes. The case before us today demonstrates that, in addition to the issue of route selection, it is important that applicants provide information regarding cost-effective alternatives to the proposed transmission line itself.

11-19-10
DATE

Tyrone J. Christy
TYRONE J. CHRISTY, VICE CHAIRMAN