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April 15, 2008

Via Hand Delivery

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

RECEIVED
2008 APR 15 PM 5 05
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

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:

We enclose for filing the original and 13 copies of (i) this letter; (ii) a Joint Stipulation and Agreement for Settlement among TrAILCo, the Commission's Staff, the Consumer Advocate Division, and the West Virginia Energy Users Group ("WVEUG"); and (iii) a motion to toll the Commission's statutory decisional deadline. Please stamp one of each of the copies and return them to our courier.

The enclosed Joint Stipulation and Agreement for Settlement recites the relevant procedural background and concerns of its parties, and then sets forth in detail a number of substantive provisions in modification of those parties' previously asserted positions on various issues. While the document speaks for itself, its notable provisions include:

- TrAILCo, along with Monongahela Power Company and The Potomac Edison Company, have agreed to increase the financial benefits associated with the certification, construction, and operation of the West Virginia Segments of TrAIL through financial commitments estimated to be approximately \$42 million to West Virginia ratepayers, the State, and its citizens, as well as commitments for an additional investment estimated at \$50 million and additional annual payroll and benefits estimated at \$12 million. TrAILCo has further committed to adopt, wholly or in part, numerous proposals of Staff and/or other parties concerning the routing, engineering, construction, operation, and maintenance of TrAIL.

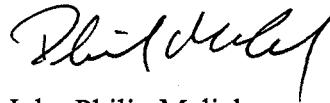
Ms. Sandra Squire
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- The Staff, CAD, and WVEUG have agreed to affirmatively support the need for TrAIL pursuant to *W. Va. Code* § 24-2-11a(d)(1).
- All of the stipulating parties jointly recommend to the Commission that the siting of the West Virginia Segments of TrAIL along the originally proposed route, as modified by the Grafton Area Route, will result in an acceptable balance between reasonable power needs and reasonable environmental factors pursuant to *W. Va. Code* §24-2-11a(d)(2). (TrAILCo stands by its commitments to Laurence and Angela Williams set forth in a previously filed partial stipulation.)

The enclosed stipulation includes several important terms and conditions, and recites the bases for the modification of the stipulating parties' several positions. In order to facilitate the Commission's consideration, TrAILCo has moved for a tolling of its right to a decision within the period otherwise provided in *W. Va. Code* § 24-2-11(f) and (g), to June 2, 2008.

Please let us know if the Commission has any questions or concerns about either of the enclosed filings. Thank you.

Very truly yours,



John Philip Melick

JPM/mrb

Enclosures

c: All Parties on the Service List (w/encls)

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 07-0508-E-CN

TRANS-ALLEGHENY INTERSTATE
LINE COMPANY

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

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APPLICANT'S MOTION TO TOLL STATUTORY DECISIONAL DEADLINE

Trans-Allegheny Interstate Line Company ("TrAILCo") moves the Commission to toll until Monday, June 2, 2008, the date by which the Commission must render its decision in this matter. *W. Va. Code* § 24-2-11(f) and (g) provide that:

(f) If the projected total cost of a project which is the subject of an application filed pursuant to this section or section eleven-a of this article is greater than fifty million dollars, the commission shall render its final decision on any such application filed under the provisions of this section or section eleven-a of this article within four hundred days of the filing of the application and within ninety days after final submission of any such application for decision after a hearing.


(g) If a decision is not rendered within the aforementioned one hundred eighty days, two hundred seventy days, four hundred days or ninety days, the commission shall issue a certificate of convenience and necessity as applied for in the application.

The "Joint Stipulation and Agreement for Settlement" among TrAILCo, the Commission's Staff, the Consumer Advocate Division, and the West Virginia Energy Users Group filed today ("Joint Stipulation") provides several additional bases for TrAIL's certification that TrAILCo respectfully commends to the Commission's consideration. To

provide additional time for the Commission's consideration of the Joint Stipulation, TrAILCo wishes to waive its statutory right to a decision within the time provided by law and therefore moves for modification of the statutory deadline to the extent stated in this motion.

Dated this 15th day of April, 2008.

TRANS-ALLEGHENY INTERSTATE LINE COMPANY
By Counsel




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CERTIFICATE OF SERVICE

I certify service of the foregoing APPLICANT'S MOTION TO TOLL STATUTORY DECISIONAL DEADLINE by United States mail on April 15, 2008, addressed:

Caryn Watson Short, Esq., <i>et al.</i> Pub. Serv. Com'n of W. Va. Post Office Box 812 Charleston, WV 25322 <i>Commission Staff Counsel</i>	Billy Jack Gregg, Esq. Consumer Advocate Division 700 Union Building 723 Kanawha Boulevard, East Charleston, WV 25301 <i>Consumer Advocate Division</i>	Bradley W. Stephens, Esq. Stephens Law Office, PLLC #518 Monongahela Building 235 High Street Morgantown, WV 26505 <i>Halleck-Triune Community</i>
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Derrick Price Williamson, Esq., <i>et al.</i> McNeess Wallace & Nurick LLC Post Office Box 1166 Harrisburg, PA 17108-1166 <i>West Virginia Energy Users Group</i>	Justin R. St. Clair, Esq. Dalton Law Offices P. O. Box 238 Peterstown, WV 24963 <i>Bhavana Society</i>	J. Andrew Jackson, Esq., <i>et al.</i> Dickstein Shapiro LLP 1825 Eye Street, NW Washington, DC 20006-5403 <i>CPV Warren, LLC</i>
Larry and Roseann Willoughby PO Box 367 Amissville, VA 20106	Rosemarie Calvert Rt. 1 Box 29B Independence WV 26374	Thomas M. Hildebrand 7336 Sheraton Drive Manassas, VA 20112
Gary S. Wigal, Esq., <i>et al.</i> Gianola Barnum Wigal & London LC 1714 Mileground Morgantown, WV 26505 <i>The Dallas Family</i>	Casey D. Stickley, Secretary Allegheny Club Inc. 126 South Gate Drive Fairmont, WV 26554	Robert R. Rodecker, Esq. P. O. Box 3713 Charleston, WV 25337-3713 <i>CPV Warren, LLC</i>
John Wilfred Haywood 15100 Interlochen Drive, # 604 Silver Spring, MD 20906	Charles K. Arnett 1160 Sugar Grove Road Morgantown, WV 26501	Steven Giessler 3927 River Road Morgantown, WV 26501
Bradley C. & Lynette D. Swiger Route 6, Box 345 Fairmont, WV 26554	Misty Garlow Route 4, Box 603-A Fairmont, WV 26554	Raman K. Jassal 519 Seneca Green Way Great Falls, VA 22066
Darlene Murray Route 1, Box 229 Newburg, WV 26410	Bobby & Stella Barnett RR 4, Box 602 Fairmont, WV 26554-9353	Paula Stahl Route 2, Box 177 Parsons, WV 26287
Larry Dowling, <i>et al.</i> 649 Halleck Road Morgantown, WV 26508		



 John Philip Melick

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 07-0508-E-CN

TRANS-ALLEGHENY INTERSTATE
LINE COMPANY

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

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JOINT STIPULATION AND AGREEMENT FOR SETTLEMENT

Pursuant to *W. Va. Code* §24-1-9 and Procedural Rules 11 and 13.4, Trans-Allegheny Interstate Line Company (“TrAILCo”), the Consumer Advocate Division of the Public Service Commission of West Virginia (“CAD”), the Staff of the Public Service Commission of West Virginia (“Staff”), and the West Virginia Energy Users Group (“WVEUG,” and together with TrAILCo, CAD, and Staff, the “Parties”) join in this Joint Stipulation and Agreement for Settlement (“Joint Stipulation”). This Joint Stipulation proposes and recommends a settlement among the Parties of all outstanding issues raised in TrAILCo’s pending certificate application (the “Settlement”) and the resolution of which were not proposed by TrAILCo and the CAD to the Commission in the Partial Joint Stipulation and Agreement for Settlement between TrAILCo and the CAD filed with the Commission on January 7, 2008 (in the form admitted into evidence as CAD/TrAILCo Joint Exhibit 1, the “January 2008 Stipulation”), many of the terms of which are reiterated and confirmed in this Settlement.

Specifically, through the Settlement, TrAILCo and, to the extent their interests appear, Monongahela Power Company (“Mon Power”) and The Potomac Edison Company (“Potomac Edison”), agree (i) to increase the financial benefits to the State of West Virginia (“State”) associated with the certification, construction, and operation of the West Virginia Segments of TrAIL (as defined in the Application) by agreeing to make certain financial commitments estimated to be approximately \$42 million to West Virginia ratepayers, the State, and its citizens, as well as commitments for an additional investment estimated at \$50 million and additional annual payroll and benefits estimated at \$12 million, each of which is described in paragraph 6(d) below; (ii) to accept and commit to certain conditions initially proposed by the Staff on February 29, 2008 and applicable to the construction and operation of the West Virginia Segments of TrAIL; (iii) that the route for the West Virginia Segments of TrAIL shall be the proposed route set forth in the Application and Direct Testimony filed by TrAIL as modified by the Grafton Area Route (as identified herein, the “Grafton Area Route”). In consideration for these commitments, the CAD, the Staff, and the WVEUG agree that each of them will affirmatively support TrAILCo’s demonstration of the existence of the need for the West Virginia Segments of TrAIL, recommend the Commission’s issuance of a certificate of public convenience and necessity for the West Virginia Segments of TrAIL (conditioned as provided herein), and recommend against the requirement for a hearing to assess TrAILCo’s compliance with any pre-construction conditions the Commission may impose. In support of this Joint Stipulation, the Parties state as follows:

I. PROCEDURAL BACKGROUND AND IDENTIFICATION OF CONCERNS

1. On March 30, 2007, TrAILCo filed an application for a certificate of public convenience and necessity (“Application”) as well as direct testimony and certain supporting

materials. Through this filing, TrAILCo requested that the Commission grant a certificate of public convenience and necessity for the construction and operation of the West Virginia Segments of TrAIL and made a number of related requests for relief. On August 10, 2007, TrAILCo filed supplemental testimony and materials, including a line routing study concerning an alternative route for a portion of the West Virginia Segments of TrAIL referred to as the Grafton Alternate Route (as set forth in that study and supporting testimony, the “Grafton Area Route”).

2. On or before December 5, 2007, parties other than TrAILCo filed direct testimony. The CAD filed the testimony of Byron L. Harris in this proceeding. Mr. Harris’ testimony set forth the CAD’s proposed principles to guide routing of TrAILCo’s proposed electric transmission line and raised issues concerning free electricity as a part of the fair compensation of affected landowners. His testimony also raised issues about landowner concerns, right-of-way (“ROW”) clearing and maintenance, and alternatives to construction of a new ROW for the proposed electric transmission line. Staff presented three witnesses, William Lewis, P.E., Dr. Michael Ileo, and James Ellars, P.E. Mr. Lewis testified about the extent to which TrAILCo’s application and supporting testimony demonstrated the existence of transmission system reliability problems and the ability of TrAIL to resolve those problems, and provided an engineering assessment of the proposed facilities. Dr. Ileo conducted an economic evaluation of the need for TrAIL, including the underlying load projections, and testified about the federal regulatory construct that explained in part differences between the nature of the need evidence sponsored by TrAILCo and more traditional integrated resource planning. Mr. Ellars testified about TrAILCo’s line route evaluation, its selection of the Preferred Route for the West Virginia Segments of TrAIL, and various other siting issues. Through this testimony, the Staff

opined that TrAILCo had not effectively shown an electrical need for TrAIL by June 2011, had not demonstrated sufficient economic benefits to West Virginia, and had not demonstrated that the Preferred Route is the best option as compared with other options that were considered.

3. Based on the CAD's review of the Application, TrAILCo's filing of supplemental materials on August 10, 2007, TrAILCo's voluminous data responses, both to the CAD's data requests and those of other parties, and the testimony filed by other parties to this proceeding on December 5, 2007, the CAD identified a number of concerns about the routing of the West Virginia Segments of TrAIL, the sufficiency of compensation to owners for ROW, and TrAILCo's ROW clearing practices. In an effort to address the CAD's concerns, TrAILCo and the CAD filed the January 2008 Stipulation and sponsored it at the evidentiary hearing. In the January 2008 Stipulation, however, the CAD committed only not to contest or dispute the need for the West Virginia Segments of TrAIL or the Commission's adoption of related findings of fact and conclusions of law under *W. Va. Code §24-2-11a*; the CAD did not offer its affirmative support for TrAILCo's showing of the existence of need for those facilities.

4. Each of the Parties appeared at and participated in the evidentiary hearings conducted before the Commission on January 9 through 19, 2008, and each submitted either an initial brief (in the case of the CAD and the WVEUG) or an initial brief and a proposed order (in the case of TrAILCo and the Staff) on February 29, 2008, and a reply brief on March 21, 2008. In these post-hearing filings, TrAILCo urged the Commission to certify the West Virginia Segments of TrAIL, asserting that the evidence demonstrated an urgent reliability need for TrAIL and that TrAILCo's Preferred Route was an acceptable route that satisfied the requirements of *W. Va. Code §24-2-11a(d)(2)*. The CAD's initial and reply briefs reiterated the CAD's support of the January 2008 Stipulation, expressed the CAD's preference for the Grafton

Area Route as the appropriate route for that portion of the West Virginia Segments of TrAIL (including an extension of the Grafton Area Route if the Commission found that TrAIL was not needed in 2011), and argued for TrAILCo to undertake certain micrositing efforts to accommodate certain landowners. In addition, the CAD recommended the Commission's establishment of a task force to investigate demand side management ("DSM") and energy efficiency ("EE") programs. In its Proposed Order and also in its reply brief, the Staff continued to recommend (among other things) that the need for TrAIL had not been demonstrated, that other alternatives might conceivably be available to resolve reliability problems, and that the economic impacts of TrAIL had not been demonstrated to be sufficiently positive. Acknowledging the possibility of the Commission's certification of TrAIL, however, the Staff recommended an extensive set of conditions on the Commission's approval of the project, which were set forth in Staff Exhibit C filed on February 29, 2008 ("Staff Conditions"). The initial and reply briefs of the WVEUG addressed a number of these issues, and the WVEUG additionally argued that the rate impacts of TrAIL on West Virginia customers under the Federal Energy Regulatory Commission's cost allocation methodology could not be overlooked in assessing the public necessity for the line. WVEUG also argued that additional retail rate impacts might arise from potential increases in the price of wholesale power available to serve West Virginia ratepayers when TrAIL is in operation.

5. During the course of the evidentiary hearing, briefing by the parties, and subsequent settlement and informational meetings, the Parties continued to advance their remaining concerns and differences, to identify and expand upon areas of potential agreement among them, and to review the status of the electrical need for TrAIL. As a result, over the course of a number of settlement meetings and oral communications, the Parties have addressed

certain of the concerns identified above, and have reached a detailed agreement that they wish to propose to the Commission, together with the January 2008 Stipulation (as clarified below), for adoption as a component of its resolution of this case.

II. TERMS AND CONDITIONS OF THE JOINT STIPULATION

A. Financial Commitments

6. In order to mitigate the rate impact associated with the construction and operation of TrAIL, to enhance the development and effectiveness of energy conservation and low income assistance programs in the State, and to bolster the economic vitality of the manufacturing and industry sectors in the State, TrAILCo, Mon Power and Potomac Edison agree to make financial commitments currently estimated to be approximately \$42 million in the aggregate (comprised of the commitments set forth in subparagraphs (a), (b), and (c) below) as well as an additional economic benefit commitment described in subparagraph (d) below:

a. Rate Mitigation. If the West Virginia Segments of TrAIL are certified by the Commission in accordance with the recommendations and agreements in this Joint Stipulation, then Mon Power and Potomac Edison agree:

1. Not to seek recovery in West Virginia of transmission charges billed by PJM to Mon Power and Potomac Edison for TrAIL (500 kV facilities and under 500 kV facilities, including the Prexy Facilities as defined in the Application) for the period beginning January 1, 2007 through the latest to occur of (i) December 31, 2013, (ii) the last day of the thirtieth month following the month during which the in-service date for the West Virginia Segments of TrAIL occurs, or (iii) the last day of the month during which the in-service date occurs of the facility in which the additional jobs described in subparagraph 6(d) are to be

located. Mon Power and Potomac Edison estimate that the aggregate amount of these transmission charges over this period is approximately \$31.2 million.

2. To include a credit in the amount of \$0.00065/kWh on the monthly bills of all ratepayers served under Rate Schedules K, P, and PP for the period beginning January 1, 2010, and concluding on December 31, 2011 (the "West Virginia Economic Incentive Credit"). The West Virginia Economic Incentive Credit will provide cost savings to the affected customers of approximately \$5,750,000 for that period. Mon Power and Potomac Edison will timely make any appropriate and necessary tariff revisions to give effect to this provision.

b. Energy Conservation. On or before June 30, 2009, TrAILCo shall contribute \$500,000 to the Governor's Office of Economic Opportunity for an expansion of the current EE program in the counties traversed by TrAIL in West Virginia. TrAILCo shall continue this level of funding for five years (inclusive of the first year), and each annual contribution shall be in addition to Allegheny Power's current annual program. The aggregate amount of the contributions required under this subparagraph is \$2,500,000. If the Commission Order in this proceeding includes a requirement that Mon Power and Potomac Edison participate in a DSM/EE task force, then Mon Power and Potomac Edison agree that any DSM/EE measures recommended by that task force and approved by the Commission shall be in addition to the EE program contributions required under this subparagraph.

c. Low Income Energy Assistance. On or before June 30, 2009, TrAILCo shall contribute \$500,000 to the State designated to fund low income energy assistance programs in the State. TrAILCo shall continue this level of funding for five years (inclusive of the first year). The aggregate amount of the contributions required under this subparagraph is \$2,500,000. TrAILCo agrees to meet with representatives of the Staff and the West Virginia

Department of Health and Human Resources and other interested parties to determine the appropriate public and/or private recipients of the funding required under this subparagraph.

d. In an effort to address the Staff's desire to enhance the economic impact of the West Virginia Segments of TrAIL to West Virginia, Mon Power, Potomac Edison, and TrAILCo agree that on or before April 21, 2008, they will see to the public announcement of their intention to locate 100 to 150 additional managerial, professional, technical, and administrative jobs in north-central West Virginia not later than the in-service date of the West Virginia Segments of TrAIL, projected to be June 1, 2011. This commitment will involve the construction of a new, technologically advanced facility in north-central West Virginia with an estimated construction and installation cost of \$50 million, and the annual payroll and benefits associated with the new jobs at this facility are currently estimated to be \$12 million.

7. Clarification of January 2008 Stipulation; Staff Expression of Support. TrAILCo agrees that for purposes of paragraph 11(a) of the January 2008 Stipulation, the term "Property Owner" should be deemed to include any person owning a Subject Property in which TrAILCo obtains a Legal Interest through eminent domain proceedings (as each of those terms is defined in the January 2008 Stipulation). The Staff represents that the January 2008 Stipulation, and in particular TrAILCo's agreements in paragraph 20(b) thereof regarding clear-cutting and aerial spraying of herbicides on the West Virginia Segments of TrAIL, will lessen the environmental impact of the West Virginia Segments of TrAIL and therefore help to address the concerns the Staff identified in Staff General Condition #13 (Staff Exhibit C at page 4) regarding revegetation offsets.

B. TrAILCo's Commitment to Accept Certain Staff Conditions

8. TrAILCo accepts the Staff Conditions identified in this paragraph, subject to the modifications explained in each case and only to the extent that each accepted Staff Condition is limited in application to the West Virginia Segments of TrAIL:

a. General Conditions (responsive to Staff Conditions 1 through 23, Staff Exhibit C at pages 1 through 6):

1. Staff General Condition #1 – “Acceptance of the stipulation between the Consumer Advocate Division and the Company.”

TrAILCo accepts this condition without modification.

2. Staff General Condition #2 – “The Company shall purchase any property containing residences that are within 400 feet of the centerline if the owner desires to sell their property.”

TrAILCo accepts this condition, provided that in each case the property owner will have until the first anniversary of the in-service date of the West Virginia Segments of TrAIL to notify TrAILCo in writing that the property owner has elected to exercise the option to require TrAILCo to purchase the property at a fair market value based on the median of three appraisals. One appraisal shall be prepared by a qualified appraiser selected by the property owner, another appraisal shall be prepared by a qualified appraiser selected by TrAILCo and a third appraisal shall be prepared by a qualified appraiser selected by agreement of the two other appraisers. TrAILCo shall pay the reasonable costs of all three appraisals.

3. Staff General Condition #5 – “The Company shall study the area around Watkins Run for ways to avoid crossing that stream, or to lessen potential impacts to that stream.”

TrAILCo's Partial Joint Stipulation and Agreement for Settlement with Laurence and Angela Williams evidences TrAILCo's efforts to address concerns with the routing of the West Virginia Segments of TrAIL in the area of Watkins Run as well as certain other concerns Mr. and Mrs. Williams raised in this proceeding.

4. Staff General Condition #8 – “The Company shall make all efforts to double-circuit for short distances instead of deviating from the

Preferred Route in order to lessen the impact of this line. This provision would apply to the Grafton Alternative as well if the Commission chooses that Alternative.”

In modification and substitution of this condition, TrAILCo agrees that if, upon consultation with the Staff and based upon a pre-construction engineering assessment in which TrAILCo determines that the installation of double-circuiting for a short distance (i.e., less than one mile) in any specified location is feasible, TrAILCo and Staff conclude that double-circuiting in the specified location is reasonable and necessary to resolve material siting concerns identified prior to the commencement of construction, then TrAILCo will utilize double-circuiting in that location; provided, that the total distance of the West Virginia Segments of TrAIL for which TrAILCo may be required to utilize double-circuiting pursuant to this condition shall not exceed three (3) miles in the aggregate.

5. Staff General Condition #9 – “The Commission expects the Company to continue to work with landowners whose property will be crossed by this line in order to try to satisfy the concerns of those landowners.”

In modification and substitution of this condition, TrAILCo shall exercise best efforts to continue to work with landowners whose property will be crossed by the West Virginia Segments of TrAIL to address in a reasonable manner the reasonable concerns of those landowners. Not later than 90 days after the Commission issues a certificate for the West Virginia Segments of TrAIL, TrAILCo shall report to the Commission on the results of its efforts pursuant to this provision.

6. Staff General Condition #10 – “The Company shall set up a phone number for the public to be able to contact the Company about complaints concerning this line.”

TrAILCo accepts this condition without modification.

7. Staff General Condition #12 – “The Company shall ground all buildings within 50 feet of the edge of the right-of-way, if that building needs grounded.”

In modification and substitution of this condition, TrAILCo shall ground all existing buildings within 50 feet of the edge of the ROW, if that building requires grounding and is not currently grounded.

8. Staff General Condition #14 – “The Company shall study the use of tubular steel towers instead of the lattice structures proposed for this project and report the results of that study to the Commission.”

In modification and substitution of this condition, TrAILCo agrees that if, upon consultation with the Staff and based upon a pre-construction engineering assessment in which TrAILCo determines that the installation of tubular steel H-frame structures in any specified location is feasible, TrAILCo and Staff conclude that the installation of tubular H-frame structures in the specified location is reasonable and necessary to resolve material siting concerns identified prior to the commencement of construction, then TrAILCo will install tubular H-frame structures in that location; provided, that the total distance of the West Virginia Segments of TrAIL for which TrAILCo may be required to utilize tubular H-frame structures pursuant to this condition shall not exceed eleven (11) miles in the aggregate.

9. Staff General Condition #16 – “The Company shall follow the use of IVM for its right-of-way maintenance and shall allow landowners to enter into contracts to maintain the right-of-way on their own property.”

TrAILCo accepts this condition provided that the referenced ROW maintenance practices are deemed and permitted to be the same as or consistent with the existing Allegheny Power IVM (integrated vegetation management) practices and procedures for ROW maintenance, as modified by TrAILCo’s agreements regarding clear-cutting and aerial spraying of herbicides on the West Virginia Segments of TrAIL as provided in paragraph 20(b) of the January 2008 Stipulation.

10. Staff General Condition #17 – “The Company shall develop a plan to identify ground sources of water, including springs and wells, along the path of this line in order to avoid impacts to those sources.”

TrAILCo accepts this condition provided that its implementation of this condition is deemed and permitted to be the same as or consistent with existing Allegheny Power practices and procedures.

11. Staff General Condition #18 – “The Company shall be granted utility status.”

TrAILCo accepts this condition without modification. (Cf. January 2008 Stipulation at ¶ 21(c).)

12. Staff General Condition #21 – “The Commission shall grant approval of Company’s tax agreement and the operational agreement with its affiliates, without specifically approving the terms and conditions.”

TrAILCo accepts this condition without modification.

13. Staff General Condition #22 – “The Commission shall grant approval of the Company’s issuance of common stock.”

TrAILCo accepts this condition without modification.

- b. General Pre-Construction and Construction Certificate Conditions

Sometimes Made Applicable to EWG Projects (responsive to Staff Conditions 1 through 12, Staff Exhibit C at pages 6 through 8):

1. Staff Construction Condition #2 – “The Applicant should require all contractors to use standard noise buffers on all equipment and trucks.”

TrAILCo accepts this condition without modification.

2. Staff Construction Condition #3 – “The Applicant should require contractors to use pile driving equipment which have the least noise impact and restrict pile driving, only during the weekdays, 7 AM to 7 PM.”

TrAILCo accepts this condition provided that pile driving may occur during the specified times on all days except Sunday.

3. Staff Construction Condition #5 – “Construction activities should be limited during church hours.”

In modification and substitution of this condition, TrAILCo shall exercise best efforts to minimize construction activity noise that may be reasonably expected to interfere with religious worship services at established and recognized places used primarily for religious worship when held at regularly scheduled times during the period from sundown on Friday through 10:00 p.m. on Sunday.

4. Staff Construction Condition #6 – “If dynamiting should become necessary, it should be limited to daylight hours and should follow all local, State and Federal rules, regulations, and laws.”

TrAILCo accepts this condition without modification.

5. Staff Construction Condition #7 – “The Applicant must dispose of all contaminated soil and construction debris in approved landfills in accordance with appropriate environmental regulations.”

TrAILCo accepts this condition without modification.

6. Staff Construction Condition #8 – “The Applicant must coordinate with fire, safety and emergency personnel during all stages of the project to promote efficient and timely emergency preparedness and response.”

TrAILCo accepts this condition without modification.

7. Staff Construction Condition #9 – “The transmission certificate shall become invalid if the Applicant has not commenced a continuous course of construction within five years of the date the final certificate is granted or has not completed construction by the tenth year without petitioning the Commission for approval to expand these time frames, provided there are no material changes to the project that necessitate a reopening.”

TrAILCo accepts this condition provided that the failure to commence or continue construction is not due to causes beyond the control of TrAILCo.

8. Staff Construction Condition #10 – “The Applicant must file with the Commission evidence of all necessary environmental permits and/or certifications prior to commencing construction (including, but not limited to, letters from US Fish & Wildlife, WVDNR, W.Va. Division of Cultural and History and West Virginia State Historic Preservation Office indicating either that the Applicant does not need to take further action or outlining what action the Applicant needs to take to be in compliance with that agencies rules/laws).”

TrAILCo accepts this condition provided that the filings may be made before commencing construction on distinct portions of the West Virginia Segments of TrAIL.

9. Staff Construction Condition #11 – “The Applicant must file evidence of approval and/or acceptance of the wetlands delineation (the Applicant needs to file written evidence of the Wetlands survey being completed and approved with the Commission), final endangered species study with any mitigation plans, historical/archeological significance study with mitigation plans, and any other studies currently underway prior to commencing construction.”

TrAILCo accepts this condition provided that the filings may be made before commencing construction on distinct portions of the West Virginia Segments of TrAIL.

10. Staff Construction Condition #12 – “The Applicant must comply with the Endangered Species Act (16 USC 5 1531 et seq.), the Migratory Bird Treaty Act (16 USC 5 701 et seq.), and the National Environmental Policy Act of 1969 (42 USC § 4321 et seq.) in both the construction and operation of the Project. Should any authorized governmental agency or court with competent jurisdiction find that the Applicant is not complying with any one of the above three acts in either the construction or the operation of the Project, then the Applicant must notify the Commission in writing in this case within ten (10) days of any such finding being made. Furthermore, the Commission may seek any legal remedies it has authority to seek, including injunctive relief, to address any such findings.”

TrAILCo accepts this condition without modification.

- c. General Operational Phase Certificate Conditions Sometimes Made

Applicable to EWG Projects (responsive to Staff Conditions 1 and 2, Staff Exhibit C at page 8):

1. Staff Operational Condition #1 – “The Applicant must use licensed herbicide applicators.”

Under *W. Va. Code* §19-16A-7(e), both certified applicators and registered technicians under the direct supervision of a certified commercial applicator may apply herbicides. Accordingly, in modification and substitution of this condition, TrAILCo agrees to abide by all applicable laws concerning herbicides and their application.

2. Staff Operational Condition #2 – “The Applicant must have the Material Safety Data Sheet on file at its office and available upon

request for all herbicides used on the transmission line right-of-way.”

TrAILCo accepts this condition without modification.

d. Commitment as to Verification of Compliance with Conditions. TrAILCo agrees that prior to beginning the clearing of any ROW for any distinct portion of the West Virginia Segments of TrAIL, an officer of TrAILCo shall certify in writing to the Commission that the conditions set forth in subparagraph 8(b) of this Joint Stipulation as to that portion have been met by TrAILCo or, to the extent that any such condition by its terms is not required to be met prior to beginning the clearing of any ROW, that TrAILCo intends to meet such condition in the future. TrAILCo shall serve a copy of such certification on the Staff and the CAD.

C. Agreement Regarding Route for West Virginia Segments of TrAIL

9. Subject to the conditions referred to in Section II.B above, the Parties agree as follows:

a. The route for the West Virginia Segments of TrAIL shall be the proposed route set forth in the Application and Direct Testimony filed by TrAILCo as modified by the Grafton Area Route. The Parties further recommend that this agreed route will result in an acceptable balance between reasonable power needs and reasonable environmental factors pursuant to *W. Va. Code* §24-2-11a(d)(2).

b. TrAILCo will study the feasibility of revising the routing of the GAR at certain road crossings to minimize impacts on residents, churches and schools. Not later than 90 days after the Commission issues a certificate for the West Virginia Segments of TrAIL, TrAILCo shall report to the Commission on the results of its efforts pursuant to this provision.

c. TrAILCo, Mon Power, and Potomac Edison agree that in future applications filed by any person, firm, or corporation under *W. Va. Code* §24-2-11a where the

projected overloads of existing transmission line segments ("overloaded line(s)") in the Allegheny Power Transmission Zone are presented as the basis for the electric need for the proposed transmission line(s), TrAILCo, Mon Power, or Potomac Edison will conduct and provide studies on the feasibility of re-tensioning, double-circuiting, or reconductoring each of the overloaded lines ("feasibility study"). TrAILCo, Mon Power, or Potomac Edison will provide these feasibility studies within 30 days of any such certificate application. To the extent that any such overloaded line is outside the Allegheny Power Transmission Zone, and the route of the proposed transmission line passes into or through the Allegheny Power Transmission Zone, TrAILCo, Mon Power, or Potomac Edison will formally request that PJM either (i) conduct such a feasibility study for each overloaded line or (ii) direct that the Transmission Owner of such overloaded line conduct such a feasibility study.

D. Commitments of the Staff, the CAD, and the WVEUG

10. In return for TrAILCo's commitments identified in Sections II.A and B above, the CAD, the Staff, and the WVEUG make the following commitments and recommendations:

a. The CAD, the Staff, and the WVEUG agree to affirmatively support the existence of need for the West Virginia Segments of the 502 Junction to Loudoun portion of TrAIL and jointly recommend that the Commission find that TrAIL (i) will economically, adequately and reliably contribute to meeting the present and anticipated requirements for electric power for West Virginia electric customers and (ii) is necessary and desirable for the present and anticipated reliability of service for electric power in the service area of Mon Power and Potomac Edison as well as the region, all in satisfaction of *W. Va. Code* §24-2-11a(d)(1). The CAD enters into this agreement notwithstanding the provisions of ¶ 21(a) of the January 2008 Stipulation and in substitution of those provisions.

b. The CAD, the Staff, and the WVEUG agree and recommend to the Commission that a compliance hearing of the nature suggested in Staff Construction Condition #1 (Staff Exhibit C at page 6) not be required with regard to any preconstruction condition imposed by the Commission in its order certifying the West Virginia Segments of TrAIL because TrAILCo has agreed in this Joint Stipulation that it will certify compliance with the preconstruction accepted and recommended in this Joint Stipulation. This commitment does not preclude the CAD, the Staff, the WVEUG, or any other person from filing a formal proceeding with the Commission alleging non-compliance with any such condition.

E. Additional Agreements and Commitments Among the Parties

11. Except to the extent expressly provided herein, nothing in this Joint Stipulation is intended to modify or limit the commitments and recommendations made in the January 2008 Stipulation, which TrAILCo and the CAD continue to support, and the January 2008 Stipulation, as clarified above, should be read to the extent possible as consistent with this Joint Stipulation. However, to the extent that this Joint Stipulation and the January 2008 Stipulation are determined to be irreconcilable, this Joint Stipulation shall control.

12. The Parties agree that from and after the filing date of this Joint Stipulation and unless and until the Commission, through the entry of a Commission Order, should reject this Joint Stipulation or modify it in a manner that is unacceptable to any Party, each Party will comport its activities to the respective obligations undertaken herein on the assumption that the Commission will approve this Joint Stipulation.

13. Each of the Parties acknowledges that, through this Joint Stipulation, it has made significant modifications from its initial positions on various issues in this case, including generally those issues relating to the demonstration of the electrical need for the West Virginia

Segments of TrAIL under the disjunctive tests set forth in *W. Va. Code* §24-2-11a(d)(1), the appropriate route for those facilities and the degree to which that route satisfies the test set forth in *W. Va. Code* §24-2-11a(d)(2), and the appropriateness and substance of conditions on the certification, construction, and operation of those facilities that the Commission is authorized to impose under *W. Va. Code* §24-2-11a(e) to achieve an acceptable balance between reasonable power needs and reasonable environmental factors. Each of the Parties affirmatively asserts that in view of compromises and commitments offered in this Joint Stipulation by other Parties, these modifications of position are reasonable in the context of an overall settlement. Specifically, TrAILCo and, to the extent of their respective interests in the continuation of reliable electric service to their respective customers, Mon Power and Potomac Edison, assert that the modifications to their initial positions relating to the economic benefits to be provided by the West Virginia Segments of TrAIL, the preferred routing of those facilities, and the imposition of certain Staff Conditions are justifiable and warranted in view of the commitments of the Staff, the CAD, and the WVEUG to support the existence of the electrical need for TrAIL and to moderate their demand for the acceptance of all the Staff Conditions initially proposed. The CAD asserts that its decision to modify its initial neutral stance on the existence of electrical need for TrAIL is justifiable and warranted when TrAILCo's commitments to accept many of the Staff Conditions, to offer the financial commitments set forth in paragraph 6 above (particularly those benefitting residential and low-income customers), to accept and participate in a DSM/EE task force, and to endorse the Grafton Area Route are taken into consideration. The Staff and the WVEUG assert that their decisions to modify their initial positions on the existence of electrical need for the West Virginia Segments of TrAIL, the sufficiency of positive economic benefits associated with the certification, construction, and operation of those facilities, and the

significance of the expected rate impact of those facilities are justifiable and warranted when the commitments of TrAILCo, Mon Power, and Potomac Edison to fund rate mitigation and energy conservation efforts (and, from Staff's perspective, their additional commitment to make the investments in West Virginia specified in paragraph 6(d)) are considered, and when TrAILCo's acceptance of many of the Staff Conditions is taken into account. Moreover, both the Staff and the CAD recognize that TrAILCo's acceptance of the Grafton Area Route either eliminates or moderates the impact of the West Virginia Segments of TrAIL on, and may address all or a substantial number of the concerns of, several other intervenors in this case. The Parties assert that the fact that a number of other intervenors have not, at the time of filing of this Joint Stipulation, indicated their support for these agreements, and that the issues of need, routing, and economic impact remain contested and unresolved as among TrAILCo and certain other intervenors, does not impair the reasonableness of the Parties' modifications of their initial positions or the force of the recommendations they jointly offer in this Joint Stipulation within the context of an overall settlement.

14. Mon Power and Potomac Edison join in this Joint Stipulation solely in respect of the commitments identified in paragraphs 6(a), 6(b), 6(d), and 9(c) above. Each of Mon Power and Potomac Edison, as utility subsidiaries of Allegheny Energy operating in the State, has a public service obligation to ensure the continuation of reliable electric service to its respective customers in the State. Mon Power and Potomac Edison each believes that the construction of the TrAIL project is necessary for this purpose and, to induce the CAD, the Staff, and WVEUG to enter into this Joint Stipulation and the Commission to certify the West Virginia Segments of TrAIL, voluntarily commit to the financial and economic commitments identified in paragraphs 6(a), 6(b), and 6(d) above. Mon Power and Potomac Edison have no entitlement to

reimbursement from TrAILCo for any amounts for which they have agreed to forego recovery under paragraph 6(a).

III. CONCLUSION

15. This Joint Stipulation is entered into subject to the acceptance and approval of the Commission. It results from a review of the information filed by the Parties, including a review of the evidence admitted at the hearing and additional information brought to the attention of the CAD after the hearing, as well as extensive settlement discussions. It reflects substantial compromises by the Parties, made in the context of an overall settlement, and is being proposed to expedite the resolution of the matters identified herein and to make time consuming and costly evidentiary development on those issues as between the Parties unnecessary, to the benefit of the Commission and the Parties. This Joint Stipulation is made without any admission or prejudice to any other positions that may be taken by either Party on any issue not addressed herein, or to positions that may be taken by either Party on the same or similar issues in subsequent proceedings, except to the extent to enforce the provisions agreed to herein.

16. The Parties agree that this Joint Stipulation is in the public interest and represents a consensus by the Parties on the issues identified herein. This proposed settlement is reasonable and supported by the record. The Parties acknowledge, however, that it is the Commission's prerogative to accept, reject or modify any stipulation. In the event that this Joint Stipulation is rejected or modified by the Commission, it is expressly understood by the Parties that they are not bound to accept this Joint Stipulation as modified or rejected and may avail themselves of whatever rights are available to them by law, including proceeding to hearing, and may pursue fully all issues and positions herein as if no proposed settlement or stipulation existed. Specifically, in the event that the Commission grants a certificate to TrAILCo as jointly

recommended herein and approves this Joint Stipulation, but imposes other conditions or limitations on either the certificate or its approval of this Joint Stipulation that substantially modify the bases of this Joint Stipulation, then the Parties shall not be bound by this Joint Stipulation or obligated to proceed to fulfill the commitments made herein. In addition, in the event that the Commission does not grant a certificate to TrAILCo but approves this Joint Stipulation, the Parties shall not be bound by this Joint Stipulation or obligated to proceed to fulfill the commitments made herein. In such circumstances, this Joint Stipulation shall not be admissible for any purpose other than the enforcement of this paragraph.

WHEREFORE, the Parties, on the basis of all of the foregoing, respectfully request that the Commission make appropriate findings of fact and conclusions of law adopting and approving the Joint Stipulation in its entirety and certifying the West Virginia Segments of TrAIL (as modified above) under *W. Va. Code* §24-2-11a.

Dated this 15th day of April, 2008.

TRANS-ALLEGHENY INTERSTATE LINE
COMPANY

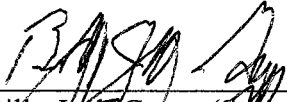
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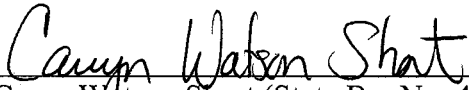
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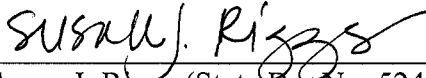
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MONONGAHELA POWER COMPANY AND THE
POTOMAC EDISON COMPANY, each doing business
as ALLEGHENY POWER, for the limited purposes of the
commitments identified in paragraphs 6(a), 6(b), 6(d), 9(c),
13 and 14 hereof



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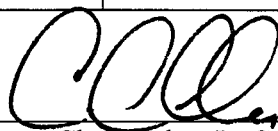
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CERTIFICATE OF SERVICE

I certify service of the JOINT STIPULATION AND AGREEMENT FOR SETTLEMENT by United States mail on the 15th day of April, 2008, addressed:

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