

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

PJM Interconnection, L.L.C.

)

Docket No. ER14-2940-000

**REPLY COMMENTS
OF THE PJM POWER PROVIDERS GROUP**

The PJM Power Providers Group (“P3”)¹ respectfully submits to the Federal Energy Regulatory Commission (the “Commission”) these reply comments to PJM’s November 6, 2014, answer² in the above-captioned proceeding.³ In its September 25 filing, PJM submitted revisions to the PJM Open Access Transmission Tariff (“Tariff”) to revise certain elements of the Reliability Pricing Model (“RPM”) following a comprehensive independent review of RPM and a stakeholder process to consider changes to RPM’s auction parameters. On October 16, 2014, P3 filed a Motion to Intervene, Comments and Limited Protest⁴, and on October 31, 2014, P3 submitted a Motion for Leave to Answer and Answer to certain comments and protests.⁵ P3 does not again address the issues raised in its earlier filings, rather P3 in these reply comments,

¹ P3 is a non-profit organization dedicated to advancing federal, state and regional policies that promote properly designed and well-functioning electricity markets in the PJM Interconnection, L.L.C. (“PJM”) region. Combined, P3 members own over 87,000 MW of generation assets and over 51,000 miles of electric transmission lines in the PJM region, serve nearly 12.2 million customers, and employ over 55,000 people in the PJM region, representing 13 states and the District of Columbia. The comments contained herein represent the position of P3 as an organization, but not necessarily the views of any particular member with respect to any issue. For more information on P3, visit www.p3powergroup.com.

² Answer of PJM Interconnection, L.L.C. to Protests and Comments, Docket No. ER14-2940-000 (filed November 6, 2014) (the “PJM November 6 Answer”).

³ P3 does not attempt in this reply to address all of the issues raised in the PJM November 6 Answer, but is instead focusing on certain key points relating to construction labor costs. P3’s silence with respect to other assertions and arguments made by PJM in the PJM November 6 Answer should not be construed as meaning that P3 agrees with such assertions and arguments.

⁴ See Motion to Intervene, Comments and Limited Protest of the PJM Power Providers Group, Docket No. ER14-2940-000 (filed October 16, 2014) (the “P3 Comments and Limited Protest”).

addresses one aspect of PJM’s November 6 Answer – PJM’s incorrect labor values and assumptions.

The Commission should accept certain elements of PJM’s September 25 filing, while rejecting and setting a hearing for the cost of capital parameters, and accept the Sargent & Lundy labor values, as detailed and set forth in P3’s comments and limited protest in this proceeding.⁶

II. REPLY COMMENTS

P3 submits these reply comments only to provide information in response to the construction labor costs provided in PJM’s November 6 Answer. In the attached Responsive Affidavit⁷, Mr. Uniszkievicz responds to Dr. Sotkiewicz’s Answering Affidavit attached to PJM’s November 6 Answer.⁸ Specifically, Mr. Uniszkievicz notes that it still appears that the wage estimates are too low,⁹ and that the apparent flaw in Dr. Sotkiewicz’s analysis seems to relate to the aggregated data he is using.¹⁰ In addition Mr. Uniszkievicz highlights the inconsistencies in the “base case” labor hours used by Dr. Sotkiewicz and resulting questions on validation computations.¹¹ Further, Mr. Uniszkievicz notes that if his observations about the understated wage rate and the understated “base case” labor hours are accepted, the impact associated with

⁵ See Motion for Leave to Answer and Answer of the PJM Power Providers Group, Docket No. ER14-2940-000 (filed October 31, 2014) (the “P3 Answer”).

⁶ See P3 Comments and Limited Protest.

⁷ Reply Comments of the PJM Power Providers Group, Responsive Affidavit of Robert H. Uniszkievicz on Behalf of the PJM Power Providers Group (“Responsive Affidavit Uniskiewicz”).

⁸ See PJM November 6 Answer, Attachment C, Answering Affidavit of Dr. Paul M. Sotkiewicz on behalf of PJM Interconnection, L.L.C.

⁹ Responsive Affidavit Uniskiewicz at P 3.

¹⁰ Responsive Affidavit Uniskiewicz at P 4.

¹¹ Responsive Affidavit Uniskiewicz at PP 5-6.

the inaccurate productivity values used in Dr. Sotkiewicz's analysis would be considerably larger than what Dr. Sotkiewicz states.¹²

PJM's has not justified use of the IMM's labor inputs as an adjustment to the Sargent & Lundy report. As P3 stated and demonstrated by the affidavit initially supplied by Mr. Uniszkievicz,¹³ attached to P3's comments and limited protest, the labor cost adjustment proposed by PJM has not been adequately supported and the inputs to the claimed validation methodology for the adjustment raise issues of material fact. The Sargent & Lundy construction cost values are more realistic and are fully supported in an expert report. Accordingly, the construction cost values stated in the Sargent & Lundy report should be utilized, or this issue should be set for hearing.

III. CONCLUSION

WHEREFORE, for the foregoing reasons, P3 respectfully requests that the Commission consider these reply comments in formulating its Order on the PJM September 25 filing.

Respectfully submitted,

On behalf of the PJM Power Providers Group

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Dated: November 17, 2014

¹² Responsive Affidavit Uniskiewicz at P 8.

¹³ P3 Comments and Limited Protest, Affidavit of Robert H. Uniszkievicz on behalf of the PJM Power Providers ("Affidavit 3").

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document on each person designated on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.

Dated at Washington DC, this 17th day of November, 2014.

On behalf of the PJM Power Providers Group

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