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February 8, 2016

Mr. Sam Waters
General Manager Transmission Planning
Duke Energy Corporation
526 S. Church Street, EC10Q
Charlotte, NC 28202

Re: Docket No. M-1, Sub 20

Dear Mr. Waters,

The Commission has reviewed your December 14, 2015 letter (and the November 20, 2015 letter from PJM that was attached to it). Duke and PJM have developed a joint operating guide to address possible overloads on Duke's transmission systems that could be caused by imports into PJM's system. This operating guide will take effect June 1, 2016, coincident with PJM's 2016/17 delivery year. In addition, Duke will participate in the development and refinement of PJM's capacity import limits into the future.

You and your colleague Sammy Roberts met with Commission Staff and the Public Staff to review specifics of the new operating guide. The guide calls for PJM and Duke to coordinate on a day-ahead and real-time basis to anticipate and address overloads on Duke's transmission systems to the extent they are caused by imports into PJM. The Commission is pleased with the information sharing and coordination that are required by the operating guide. As has been discussed informally, the Commission will require Duke to inform the Commission and the Public Staff via letter within two weeks if there is ever an instance in which transmission loading relief under step b.iii (or any subsequent steps) of the operating guide is required to be taken.

Duke and PJM have addressed these issues in a timely and thorough manner, beginning with responsiveness to the Commission's December 11, 2013 request to jointly study the potential negative impacts of PJM imports on the Duke grid. We appreciate your organizations' shared commitment to reliable grid operations.

Sincerely,

Edward S. Finley,
Chairman

Copy: Chuck Liebold, PJM, Manager of Inter-Regional Planning