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Power line clears hurdle State PSC drops opposition, line to be rerouted

By **Ken Ward Jr.**
Staff writer

Allegheny Energy has agreed to reroute part of the \$1.3 billion power line proposed for northern West Virginia in a deal that eliminates major opposition from state Public Service Commission staff.

But the settlement, announced late Tuesday, does not include several citizen groups and many residents who are working against the project.

A decision by the PSC is due by May 2. Allegheny lawyers, in filing the new settlement, asked the PSC to push back that deadline for a month so commissioners could consider the deal in their final decision.

Allegheny is seeking PSC approval to build the West Virginia portion of a 500-kilovolt line to carry electricity from southwestern Pennsylvania through West Virginia and into northern Virginia.

Power company officials say that the Trans-Allegheny Transmission Line, or TrAIL, is needed to provide cheap and reliable power to big Eastern cities and their growing suburbs. But the project has drawn intense opposition from hundreds of West Virginians who fear it will mar scenic views, lower property values and otherwise damage rural communities.

The power line battle has also provided a glimpse at the growing nationwide fight over coal-fired power, with project critics saying West Virginians shouldn't be forced to contend with the negative impacts of a huge extension cord for more affluent communities to the East.

In the settlement, Allegheny agreed to bypass at least some growing residential neighborhoods south of Morgantown, where opposition to the line has been the most intense, organized and sophisticated. The company said it would take a new route, along existing transmission lines, previously proposed by the PSC Consumer Advocate Division.

The 23-page settlement was filed with the PSC after business hours Tuesday, and then announced in a company news release issued after 6 p.m.

Parties to the deal include Allegheny's TrAIL Co. unit, the PSC staff, the agency's consumer advocate, and the West Virginia Energy Users Group, a coalition of major industrial electricity customers. The PSC staff includes lawyers and various experts who take part in hearings and make recommendations that the commissioners are not obligated to follow.

Along with the route change, Allegheny agreed under the settlement to:

- Announce by April 21 the company's "intention to locate" 100 to 150 additional managerial, professional, technical and administrative jobs in north-central West Virginia no later than June 1, 2011, the projected in-service date for the West Virginia portions of the line.

"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," the settlement said.

- Not seek to recover TrAIL costs through rate hikes for the period from January 2007 through Dec. 31, 2013. Allegheny estimated these costs at \$31 million.
- Provide \$5.7 million in rate credits for Monongahela Power and Potomac Edison customers for the years 2010 and 2011.
- Contribute \$5 million over five years to fund energy conservation programs and assistance plans for low-income customers in West Virginia.

"This agreement demonstrates our commitment to balancing all interests and minimizing TrAIL's impact on customers, communities and the environment," said David E. Flitman, president of Allegheny's TrAIL unit. "The agreement would bring additional jobs to West Virginia, shield our West Virginia customers from project-related costs for seven years, provide funding for conservation and low-income energy assistance programs, and address many issues raised by the commission's staff."

Under the deal, the PSC staff and consumer advocate are obligated to support Allegheny's argument that the power line is needed.

Less than a month ago, PSC staff were among the harshest critics of Allegheny's view that the power line was needed.

In a brief filed March 21, staff attorney Carolyn Watson Short wrote the legal burden was on Allegheny to provide "documented evidence" including economic impact studies, power load forecasts and alternative project considerations.

"To use an analogy, before one can claim to have been overcharged, she must have an itemization of the bill," Short wrote. "Such details are missing from TrAIL's evidence in many instances."

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