

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

In Reply Refer To:  
Office of Enforcement  
Docket No. PA12-18-000  
January 03, 2012

Trans-Allegheny Interstate Line Company  
Attention: Randall B. Palmer  
Senior General Counsel  
FirstEnergy Corp.  
800 Cabin Hill Dr.  
Greensburg, PA 15601

Dear Mr. Palmer:

The Division of Audits in the Office of Enforcement (OE) of the Federal Energy Regulatory Commission (Commission) is commencing an audit of Trans-Allegheny Interstate Line Company (TrAILCo). The audit will evaluate whether TrAILCo has complied with the conditions and requirements upon which the Commission approved its incentive rate treatments.<sup>1</sup> The audit will also evaluate TrAILCo's compliance with: FERC-730 reporting regulations under 18 C.F.R. Part 35 (2011); its transmission cost of service formula rate schedule included in Attachment H-18 to the Open Access Transmission Tariff (OATT) of PJM Interconnection, L.L.C.; various accounts incorporated into its cost of service formula rate; and accounting regulations in the Uniform System of Accounts for public utilities under 18 C.F.R. Part 101 (2011). The audit will cover the period from July 20, 2006 through December 31, 2011.

This audit is being conducted under section 301 of the Federal Power Act (FPA), 16 U.S.C. § 825 (2006), and is subject to the confidentiality provisions of that section. Documents and information the Commission staff obtains during the audit, including all working papers developed, will be placed in nonpublic files. Section 301(b) of the FPA requires companies to grant agents of the Commission free access to their property, accounts, records, and memoranda; requires companies to furnish, within reasonable time frames, any information the Commission may require; and allows audit staff to keep

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<sup>1</sup> *Allegheny Energy, Inc., Monongahela Power Company, The Potomac Edison Company, and West Penn Power Company*, 116 FERC ¶ 61,058 (2006), *order on reh'g*, 118 FERC ¶ 61,042 (2007).

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copies of any accounts, records, or memoranda that pertain to the audit. Section 301(c) of the FPA allows audit staff to examine the books, accounts, memoranda, and records of any person who controls, directly or indirectly, a licensee or public utility subject to Commission jurisdiction, and of any other company controlled by such person, insofar as they relate to transactions with or the business of such licensee or public utility.

Consistent with the requirements of sections 301, 304, and 311 of the FPA, 16 U.S.C. § 825, 825c, and 825j (2006) and Part 125 of the Commission's regulations, 18 C.F.R. Part 125 (2010), the licensee or public utility (Company) must preserve and retain all existing and future records relevant to this audit. For purposes of this compliance audit, OE considers relevant records to be all documents and communications (including email, instant and text messages, and voice recordings) that are in the possession, custody, or control of the Company and its affiliates, and either: (1) are used in preparation of responses to or relate to the subject matter of OE data requests made to the Company in this audit; (2) relate to any service provided or to be provided by, on behalf of, to, or for the benefit of the Company and its affiliates or any facility owned or operated by, on behalf of, or for the benefit of the Company and its affiliates; (3) are communications, transactions, agreements, or arrangements between the Company and any of its affiliates, or between any director, officer, manager, or other employee of the Company, and any director, officer, manager, or other employee of the Company's affiliates; or (4) relate to the subject matter of any data requests made to the Company in this audit.

We will contact you shortly to schedule an opening conference to discuss the nature of the audit engagement. The purposes of the conference call are to explain the audit process; address any questions you may have about the audit; and discuss the initial data request.

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If you have questions concerning this letter, please contact Mr. Ronald Oechsler at (202) 502-8503. If you would like to discuss the audit with Division of Audits management at any time during the course of the audit, please contact Mr. Gerald Williams, Audit Manager, at (202) 502-8277, or Mr. Bryan Craig, Director and Chief Accountant, Division of Audits, at (202) 502-8741.

Sincerely,

Norman C. Bay  
Director  
Office of Enforcement

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