

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF THE CHAIRMAN

September 5, 2007

The Honorable Robert Menendez
United States Senate
Washington, D.C. 20510

Dear Senator Menendez:

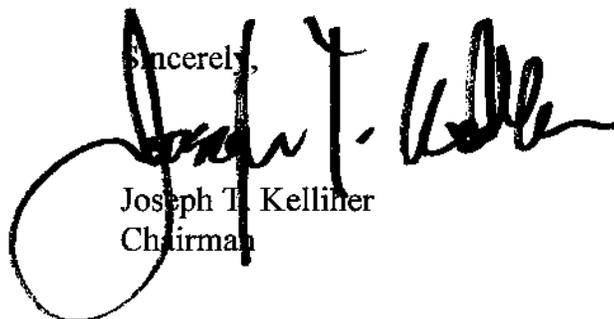
I am writing in response to your July 10, 2007 letter regarding the Federal Energy Regulatory Commission's (Commission) investigation of alleged tariff violations by PJM Interconnection, L.L.C. (PJM) and interference by PJM with its Market Monitoring Unit.

I appreciate the benefit of your views on the importance of adequate independence in market monitoring. I thought you would like to receive a short update on the status of the case, which is still pending. Given the importance of the issues and the request for timely action sought by complainants, the Commission issued an order on May 18, 2007 that, among other things, adopted fast track procedures in our consideration of the complaints, and submitted data requests to PJM and Dr. Bowring, PJM's Market Monitor. Responses to these requests have since been received. On August 2, 2007, PJM filed a unilateral offer of settlement, as to which several comments were submitted on August 22, 2007. Replies to those comments were due on September 4, 2007. Commission action has been deferred pending receipt and consideration of these comments and replies. I will write to inform you of the Commission's action when an order has been issued resolving this important matter, which we anticipate will occur in the near future.

As this is a contested, on-the-record proceeding, I have asked Commission staff to place a copy of your letter in the following two dockets, EL07-56-000 and EL07-58-000.

If I can be of further assistance in this or any other Commission matter, please let me know.

Sincerely,



Joseph T. Kelliher
Chairman

Enclosure