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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

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FORWARD
CASE MANAGEMENT

2019 DEC -9 A 11:47

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

December 6, 2019

Via Hand Delivery and Electronic Mail

Honorable Aida Camacho-Welch, Secretary
Board of Public Utilities
44 South Clinton Ave., 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

**Re: In the Matter of the Relocation and Consolidation of Atlantic City Electric Company's Transmission System Operations Control Function
BPU Docket No. EO19070834**

Dear Secretary Camacho-Welch:

Please accept for filing an original and ten (10) copies of the Division of Rate Counsel's ("Rate Counsel") response to Atlantic City Electric Company's ("ACE") Comments in Reply ("Reply Comments"), dated November 26, 2019, regarding the above-referenced matter. Enclosed is one additional copy. **Please stamp and date the copy as "filed" and return it to the courier.**

On or about July 19, 2019, ACE filed the instant petition (the "Petition"). Following discovery, Rate Counsel submitted Comments on November 20, 2019. On November 26, 2019, ACE filed reply comments. Rate Counsel provides the following brief comments to specifically and solely respond to ACE's Reply Comments.

ACE's Reply Comments do not address the major concerns set forth in Rate Counsel's November 20 Comments. Rather, ACE merely obfuscates the issues which Rate Counsel has

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raised and seeks to force the Board of Public Utilities into a decision based on the fear of a highly unlikely event - an EMP attack. However, justification for the relief sought in ACE's petition remains lacking at this time.

First, moving the Company's transmission system operators approximately 100 miles away from ACE's distribution operations headquarters has the potential to impact coordination between the system operations in the event of an emergency that interrupts communications. Although the Company claims that the new transmission operation center to be located in Pennsylvania is a "demonstrably better transmission system control facility"¹ than the existing operation center in Mays Landing, all the bells and whistles offered in the new Pennsylvania facility become meaningless if the new facility cannot communicate with the Company's distribution operation center in New Jersey. Notwithstanding the Company's claims that "Rate Counsel's purported concerns are without merit and speculative," the Company has yet to provide evidence that the communication between the two operation center will be comparable to what exists today.

Even assuming that an EMP attack is worth planning for at this time, the four modes of communication (landline, cell phone, satellite phone, and radio) that the Company proposes to rely on will all have operational issues because the EMP waves will disrupt each identified form of communication. Moreover, in the event of natural disasters such as a hurricane, communication over such long distance again poses risks. Thus, without assurances that the New Jersey distribution system operators will be able to reach this "state-of-the-art transmission

¹ ACE Reply Comments at 1.

control facility”² in times of emergencies, deeming the transmission operation center move to be prudent is difficult.

Reliability is not measured just on blue sky days, but also on days when the Company’s system is tested by man-made or natural disasters. The Company’s recent difficulty during the “Bow Echo” Weather Event in 2015 highlights the need for increased scrutiny by the Board on this issue.³ Therefore, as stated in Rate Counsel’s initial comments, the Board should direct ACE to provide additional assurance of communication between necessary personnel before granting, or as a condition to granting, the Company’s request. To be clear, such assurances should include data on the additional cost, if any, of the communication devices the Company intends to use.

Second, the Company acknowledges that there is no regulatory requirement to build a “flagship” transmission operations center, nor is there any current regulatory requirement to harden their facility against an EMP attack.⁴ ACE asserts that meeting the regulatory standards set by NERC and others is not enough and seeks to convince the Board that its self-defined “industry best practices” are somehow the real standard.⁵ The Company also highlights the fact that other utilities have already updated their own transmission operations.⁶ However, these *ad hoc* industry standards and the independent activities of other utilities are immaterial to the issue of whether the Board should find that ACE’s proposed move of its transmission operations to Pennsylvania “is necessary and proper so that the Company can continue to provide safe,

² *Id.* at 5.

³ See NJBPU Division of Reliability and Security, June 23, 2015 “Bow Echo” Weather Event: Report and Recommendations on the Response and Restoration of Electric Utility Outages at Page 10 (August 26, 2015)(available at <https://www.state.nj.us/bpu/pdf/boardorders/2015/20150921/9-11-15-6B.pdf>).

⁴ See RCR-ENG-10 and -15.

⁵ ACE Reply Comments at 2.

⁶ *Ibid.*

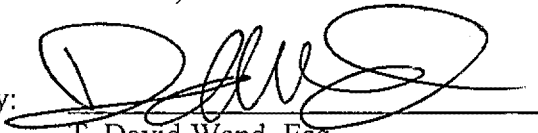
adequate, and proper service to its customers” – which is what the Company is asking the Board to find here.⁷

Approving ACE’s petition based on the current record will encourage the State’s other utilities to seek pre-approval of their own initiatives based on still more unique and ill-defined “industry best practices” which are detached from any regulatory standard. Rather than an objective standard, the utilities will continue an upward spiral, constantly comparing themselves to each other in a never-ending game of “keeping up with the Joneses.” Accordingly, Rate Counsel does not believe the Company has provided a sufficient basis for the Board to find that the proposed movement of ACE’s transmission system operations control to Kennett Square, Pennsylvania “is necessary and proper so that the Company can continue to provide safe, adequate, and proper service to its customers.”⁸ Due to the speculative nature of the benefits, if the Board should choose to approve this filing, Rate Counsel reserves its rights to challenge, in any relevant federal or state rate proceeding, the recovery of the costs associated with the Company’s filing.

Respectfully submitted,

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Director, Division of Rate Counsel

By:


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Assistant Deputy Rate Counsel

c: Service List

⁷ See Petition at *14-15.

⁸ Ibid.

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Consolidation of Atlantic City
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System Operations Control Function
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