



State of New Jersey
DIVISION OF RATE COUNSEL
140 EAST FRONT STREET, 4TH FL
P.O. Box 003
TRENTON, NEW JERSEY 08625

PHIL MURPHY
Governor

SHEILA OLIVER
Lt. Governor

STEFANIE A. BRAND
Director

December 1, 2020

Via Electronic Mail

Hon. Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th floor
P.O. Box 350
Trenton, New Jersey 08625-0350

**Re: I/M/O Petition of Atlantic City Electric Company Pursuant to
N.J.A.C. 14:3-5.1(e) for Approval to Relocate Its Customer Service
Center from 2430 Atlantic Avenue, in the City of Atlantic City,
County of Atlantic, to 5100 Wellington Avenue, in the City of
Ventnor, County of Atlantic, State of New Jersey**

BPU Docket No. EO20100689

Dear Secretary Camacho-Welch:

Please accept for filing in the above-referenced matter the comments of the New Jersey Division of Rate Counsel's ("Rate Counsel") regarding the Atlantic City Electric Company ("ACE" or "the Company") Petition to relocate its Atlantic City Customer Service Office ("CSO") from 2430 Atlantic Avenue, Atlantic City, to 5100 Wellington Avenue, in the City of Ventnor. Copies of this comment letter are being provided to each person on the service list by electronic mail only. **Please acknowledge receipt of this comment letter.** Thank you.

Summary

Rate Counsel does not object to the proposed relocation of ACE's Atlantic City CSO to the newly renovated location, subject to the conditions set forth herein. Rate Counsel, however, expresses no opinion herein on the rate impact and prudence of the costs incurred for the renovation and relocation, and reserves the right to review those issues in the Company's next base rate case or other appropriate proceeding. The Atlantic City CSO is ACE's only CSO located within the City of Atlantic City. Accordingly, Rate Counsel recommends that ACE develop a contingency plan in the event that a maintenance issue, or a delay in renovation and relocation, renders both the current Atlantic City CSO and proposed new Ventnor CSO locations unavailable.

Background

ACE is a public utility of the State of New Jersey having an office at 5100 Harding Highway, Mays Landing, New Jersey. ACE is subject to the jurisdiction of the New Jersey Board of Public Utilities ("BPU" or the "Board"). The Company supported its Petition with the Certification of Kevin M. McGowan, Vice President of Regulatory Policy and Strategy of ACE, dated October 28, 2020.

On October 30, 2020, ACE filed the above-referenced petition with the Board seeking approval under N.J.A.C. 14:3-5.1(e), which requires filing a request for approval at least 60 days before the proposed relocation of a CSO, to relocate its Atlantic City CSO, located at 2430 Atlantic Avenue, Atlantic City, to Unit 5014 of the Ventnor Plaza shopping center, located at 5100 Wellington Avenue, Ventnor. ACE plans to implement the relocation, if possible, before April 30, 2021, when the lease on its current facility expires. (Petition ¶ 3) ACE proposes to relocate its Atlantic City CSO to the new facility

due to the small space (700 square feet) and limited parking (6 spaces) at the current facility. (Petition ¶ 3) ACE states that the new facility will have similar access to public transportation as the current CSO. (Petition ¶ 3) The new location will be 1,500 square feet, approximately twice the size of the current CSO. (Petition ¶ 9) ACE anticipates that the larger space of the CSO will enable it to present community outreach events and allow the public health benefit of greater distance between persons. (Petition ¶ 6)

The proposed new CSO in Ventnor is located approximately 3.5 miles from the current CSO in Atlantic City. (Petition ¶ 4) ACE states that the new location is in a shopping center frequented by Atlantic City area residents. (Petition ¶¶ 4 & 8) ACE also states that the new location is conveniently served by two New Jersey Transit bus lines, which also serve the current CSO in Atlantic City. (Petition ¶ 8) The Petition does not state the travel time from the current CSO to the proposed new CSO location; however, Google Maps indicates the bus ride lasts approximately 20 minutes.

ACE plans to begin renovating the new space on or about May 1, 2021. (Petition ¶ 5) Subject to acquiring all necessary permits and approvals, ACE anticipates that the new, renovated location should be ready to open as a CSO on or about August 1, 2021. (Petition ¶ 5)

After renovation, ACE plans for the Ventnor CSO to provide the same services with the same number of personnel and during the same hours as the Atlantic City CSO does currently. (Petition ¶¶ 6 & 7) The new Ventnor CSO is expected to be fully compliant with the Americans with Disabilities Act. (Petition ¶ 14)

ACE anticipates that its existing Atlantic City CSO will continue to operate in its current location until the renovated new Ventnor location is ready to open as a CSO.

(Petition ¶ 4) The Petition does not state, however, the terms under which the Company will continue to use that location after its lease has expired. ACE has committed that it will develop a contingency plan in the event that the new Ventnor CSO is unavailable when planned, and that at no point will its customers in the affected area be without a CSO.¹ (Petition ¶ 13)

ACE leases the Atlantic City CSO for an annual rent of \$19,200 for 700 square feet. (Petition ¶ 3) ACE is negotiating a 66-month lease for the Ventnor CSO location at an annual rent of \$23,706 for 1,500 square feet. (Petition ¶ 9) ACE estimates that renovating the Ventnor location and equipping it to operate as a CSO will cost approximately \$275,000. (Petition ¶ 9)

The costs of relocating the Atlantic City CSO to the new location in Ventnor

Rate Counsel is unable to opine as to the cost-effectiveness of ACE's proposal to renovate and equip the Ventnor location as a CSO, since ACE has provided only an estimate of approximately \$275,000 in costs. (Petition ¶ 9) The nature of the renovations and equipment are not specified, nor is the allocation of costs between fixtures and equipment owned by ACE. The Petition has not stated the rent ACE must pay to continue using the current Atlantic City CSO from the time its current lease expires on April 30, 2021 until the Ventnor CSO opens on August 1, 2021. ACE also has not stated whether it must incur any costs to close the Atlantic City CSO or provided an estimate of any such

¹ The Petition does not specify the area within its service territory that it anticipates will be affected by the proposed relocation of its Atlantic City CSO.

costs. Nevertheless, ACE has agreed to a review of the rate impact and prudence of its costs to renovate, refit, equip and relocate to the Ventnor CSO in its next base rate case or other appropriate proceeding. (Petition ¶ 15)

ACE also has not stated whether it anticipates an increase in any of its operational expenses for the new Ventnor CSO after it opens. However, the Company anticipates paying only \$4,506 more to rent the new location, with more than twice the space.

(Petition ¶¶ 3 & 9) ACE has entered into a 66-month lease at the new location at a flat annual rent of \$23,706 during lease years one through five (i.e. months 1 through 60).

(Petition ¶ 9) However, the Petition does not state whether and if so the amount of any rent increases during the final six months of the lease or thereafter. Accordingly, it is not possible to fully evaluate the costs or benefits of the proposed CSO relocation to ACE ratepayers with the information provided.

The Company has not proposed a specific process to review the accounting for its renovation and relocation costs. Rate Counsel recommends such review in ACE's next base rate case or other appropriate proceeding, and reserves all our rights in that regard.

Analysis

1. Notice

The Board's regulations provide that simultaneously with the filing of a petition to close or relocate an office, a utility must notify its customers and the clerk of each affected municipality of the pending application for permission to relocate or close the subject office, N.J.A.C. 14:3-5.1(e)(2), and, within three days of filing the petition, the utility must publish a notice in the newspaper(s) serving the affected area. Id.

The Petition states that ACE will publish notice of this Petition² in The Press of Atlantic City; post it at the Atlantic City CSO; and serve it on the Clerk of each affected municipality. (Petition ¶¶ 11 – 12 & Exs. A & B) ACE has not listed those municipalities, or whether it will provide public notice of the proposed CSO relocation in both English and Spanish.

ACE also has represented that, once it obtains approval from the Board for the relocation, it has developed a communications plan to provide additional public notice of the new Ventnor CSO address by printing it on the bills of customers in the affected area; providing it to its telephone and field collection personnel; messaging it on social media (Facebook and Twitter); providing it to social and senior agencies in the affected area;³ and updating it on the Company's website. (Petition ¶ 12)

In accord with the Board's regulations, N.J.A.C. 14:3-5.1(e)2, the proposed public notices advise customers and the affected municipalities of their right to file comments on the proposed relocation with the Board. (Petition, Exhibits A and B)

2. Reasonable/Public Interest

The Board's regulations provide that, when seeking to close or relocate an office, a utility must demonstrate to the Board that the closure or relocation is not unreasonable and will not unduly prejudice the public interest. N.J.A.C. 14:3-5.1(e)(1).

The fact that ACE proposes to relocate its only CSO located in the City of Atlantic City outside of the City illustrates the importance of ACE opening in its new

² The Company must ensure that it posts and publishes notice of this Petition before the Board approves it and must include a meaningful public comment period.

³ As noted above, the Petition does not specify the area within the ACE service territory that it anticipates will be affected by the proposed relocation of its Atlantic City CSO.

location promptly to avoid inconvenience and disruption to its customers in the affected area. ACE plans to keep its current Atlantic City CSO open until renovation of the new Ventnor location is complete and to develop a contingency plan in the event of a delay in the relocation. (Petition ¶¶ 5 & 13) Rate Counsel recommends that ACE develop such a contingency plan promptly to avoid customer inconvenience.

In summary, based on the information provided to Rate Counsel, ACE has demonstrated that its proposal to relocate its Atlantic City CSO to the new Ventnor location is reasonable and should not unduly prejudice the public interest if ACE develops such a contingency plan.

Recommendation

Rate Counsel does not object to ACE's Petition seeking approval to relocate its Atlantic City CSO to the new Ventnor location, but reserves the right to review the rate impact and prudence of the costs incurred for the relocation and renovating and equipping the new location in the Company's next base rate case or other appropriate proceeding. Rate Counsel respectfully asks the Board to require ACE to develop a contingency plan in the event that both its current Atlantic City CSO and proposed new Ventnor CSO locations become unavailable, and to meet certain other conditions set forth below.

Accordingly, Rate Counsel recommends that any Board Order approving ACE's Petition contain the following language:

1. ACE shall develop a contingency plan in the event that both its current and its proposed new Ventnor CSO locations become unavailable before completion of the equipping and relocation process.

2. ACE shall maintain, at a minimum, the same hours of operation, staffing levels, and level of service at the Ventnor CSO after the relocation as it now provides in Atlantic City.
3. ACE shall maintain, at a minimum, the level of accessibility for persons with disabilities at its relocated CSO in Ventnor as required by the Americans with Disabilities Act and New Jersey Law Against Discrimination.
4. ACE shall publish and post public notice of the proposed relocation of its Atlantic City CSO in both English and Spanish.
5. ACE shall notify the Board and Rate Counsel if it anticipates any changes in the hours of operation, staffing levels, or level of service currently provided at the Atlantic City CSO after its relocation to Ventnor.
6. ACE shall notify the Board and Rate Counsel if it learns of any reduction in the public transportation available to access the Ventnor CSO from the City of Atlantic City CSO after its relocation.
7. The rate impact and prudence of ACE's costs incurred to renovate, equip and relocate the Atlantic City CSO to Ventnor will be reviewed in the Company's next base rate case or other appropriate proceeding.
8. This Order shall not affect nor in any way limit the exercise of the authority of the Board or of this State, in any future Petition or in any proceeding with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or any other matter affecting the Petitioner.

ACE's agreement to meet the terms set forth above, would address Rate Counsel's concerns about the Petition.

Hon. Aida Camacho-Welch, Secretary

December 1, 2020

Page 9

Very truly yours,

STEFANIE A. BRAND

DIRECTOR, DIVISION OF RATE COUNSEL

By: /s/ *Brian Weeks*
Brian Weeks, Esq.
Deputy Rate Counsel

c. Service List (via electronic mail)

**IMO the Verified Petition of
Atlantic City Electric Company for
Approval to Relocate Its Customer
Service Center from 2430 Atlantic
Avenue City of Atlantic City to 5100
Wellington Avenue City of Ventnor
BPU Docket No.: EO20100689
SERVICE LIST**

Aida Camacho Welch, Secretary
Board of Public Utilities
44 So. Clinton Avenue, 9th Floor
P O Box 350
Trenton, NJ 08625

Paul Flanagan, Executive Director
Board of Public Utilities
44 So. Clinton Avenue, 9th Floor
P O Box 350
Trenton, NJ 08625

Abraham Silverman, Esq.
Board of Public Utilities
44 So. Clinton Avenue, 9th Floor
P O Box 350
Trenton, NJ 08625

Stacy Peterson
Board of Public Utilities
44 So. Clinton Avenue, 9th Floor
P O Box 350
Trenton, NJ 08625

Julie Ford-Williams
Board of Public Utilities
44 So. Clinton Avenue, 9th Floor
P O Box 350
Trenton, NJ 08625

Richard Lambert
Board of Public Utilities
44 So. Clinton Avenue, 9th Floor
P O Box 350
Trenton, NJ 08625

Heather Weisband, Esq.
Board of Public Utilities
44 So. Clinton Avenue, 9th Floor
P O Box 350
Trenton, NJ 08625

Paul Lupo
Board of Public Utilities
44 So. Clinton Avenue, 9th Floor
P O Box 350
Trenton, NJ 08625

Bart Kilar
Board of Public Utilities
44 So. Clinton Avenue, 9th Floor
P O Box 350
Trenton, NJ 08625

Raymond Matos
Division of Customer Assistance
Board of Public Utilities
44 So. Clinton Avenue, 9th Floor
P O Box 350
Trenton, NJ 08625

Pamela Owen, DAG
Department of Law & Public Safety
Division of Law
R.J. Hughes Justice Complex
25 Market Street P.O. Box 112
Trenton, N.J. 08625

Brandon C. Simmons, DAG
Department of Law & Public Safety
Division of Law
R.J. Hughes Justice Complex
25 Market Street P.O. Box 112
Trenton, N.J. 08625

Stefanie Brand, Esq. Director
Division of Rate Counsel
140 East Front St., 4th Floor
Trenton, NJ 08625

Brian O. Lipman, Esq.
Division of Rate Counsel
140 East Front St., 4th Floor
Trenton, NJ 08625

Brian Weeks, Esq.
Division of Rate Counsel
140 East Front St., 4th Floor
Trenton, NJ 08625

Debora Layugan
Division of Rate Counsel
140 East Front St., 4th Floor
Trenton, NJ 08625

Tylise Hyman
Division of Rate Counsel
140 East Front St., 4th Floor
Trenton, NJ 08625

Philip J. Passanante, Esq.
Atlantic City Electric Company
92DC42
500 N. Wakefield Drive,
P.O. Box 6066
Newark, DE 19714-6066

Heather Hall
Pepco Holdings LLC
95DC56
500 N. Wakefield Drive
P.O. Box 6066

Davis Linton
Excelon Corp.
P.O. Box 1475
Baltimore, MD 21203