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August 5, 2024

Via Electronic Mail

Honorable Sherri Golden, Secretary
Board of Public Utilities
44 South Clinton Avenue, 1th Floor
P.O. Box 350
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board.secretary@bpu.nj.gov

**Re: In The Matter Of The Petition Of Atlantic City Electric Company Pursuant To N.J.A.C. 14:3-5.1(e) For Approval To Close Its Customer Service Offices Located At 5071 State Route 42, Turnersville, New Jersey And 420 North Main Street, Cape May Court House, New Jersey
BPU Docket No. EO24040205**

Dear Secretary Golden:

Please accept for filing in the above-referenced matter the New Jersey Division of Rate Counsel's ("Rate Counsel") comments regarding the Atlantic City Electric Company's ("ACE" or "the Company") Petition to close its Customer Service Offices/Centers ("CSO" or "CSC") located at 5071 State Route 42, Turnersville, New Jersey ("Turnersville Location") and 420 North Main Street, Cape May Court House, New Jersey ("Cape May Court House Location"), and to amend its filed Tariff to reflect the closure of the two locations.

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 would not oppose the proposed closing of ACE's two CSC's and amending the Tariff subject to the conditions listed at the conclusion of this letter. Based on information learned through discovery, Rate Counsel is concerned whether ACE has adequate staff, technology, resources, and/or physical facilities available to accommodate in-person customer service requests at reasonably convenient locations within its service territory.

Rate Counsel recommends that the Board investigate ACE's customer service practices in its next Base Rate Case, including, but not limited to customer access to ACE's customer service staff. Such "in-person" access also may include practical and cost-effective alternatives, such as using readily available technologies for "virtual" meetings. Currently, however, other than accepting bill payments, ACE does not provide in-person access during designated, publicized hours, at reasonably convenient locations anywhere within its service territory.

Rate Counsel expresses no opinion on the prudence, recoverability or rate impact of any costs incurred, investments avoided, or savings realized to close the Cape May Court House or Turnersville CSC's, or to reassign staff and/or improve ACE's in-person customer service capability, and reserves the right to review those and any other issues raised in this matter in the Company's next Base Rate Case.

We note that the specific Board rule governing review of this Petition is N.J.A.C. 14:3-5.1(e), which addresses a utility closing an office, not N.J.A.C. 14:3-5.1 Location of Offices, the general rule under which Petitioner filed this matter.

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 is engaged in the purchase, transmission, distribution, and sale of electric power to approximately 565,000 residential, commercial, and industrial customers in southern New Jersey. Petition at 1.

On April 1, 2024, ACE filed the above referenced petition with the Board seeking approval under N.J.A.C. 14:3-5.1 to close two of ACE’s five CSC’s, the Turnersville Location and Cape May Court House Location. Petition at 2. The Turnersville location is in Washington Township, Gloucester County (RCR-1) and the Cape May Court House CSC is located in Middle Township, Cape May County. RCR-2 ACE is also seeking to amend its filed Tariff to reflect the closure of those two locations. Petition at 1, 4, 6 & 7. The Company supported its Petition with the Certification of Cynthia L.M. Holland, Esq., Assistant General Counsel of ACE, dated April 1, 2024.

ACE’s proposed date for the closures and to make its Tariff changes effective was July 1, 2024, but per N.J.A.C. 14:3-5.1(e)(3), an office shall not be closed or relocated until the utility has been informed, in writing, that the Board has approved such request. Under N.J.A.C. 14:3-5.1(e)(1), ACE also must show that its petition is not unreasonable and should not unduly prejudice the public interest.

Rate Counsel served discovery requests RCR-1 through RCR-36, which the Company answered on June 20, 2024. The Company answered additional Rate Counsel discovery questions RCR-37 through RCR-40 on July 2, 2024.

According to ACE, the Interactive Voice Response (“IVR”) system that ACE uses to answer customer telephone calls has effectively eliminated the need for many customers to visit an office location. Petition at 4, Direct Testimony of Witness Hightower and Stephens, p.4, line 9-16. A live, customer service agent is not available in person, but only by phone, to address customer questions. Petition at 4, RCR 14, RCR-15, & Direct Testimony of Witness Hightower and Stephens, p.4. If a customer requires a different service other than paying a bill at any ACE CSC, the customer must use a dedicated courtesy phone and utilize the IVR system.¹ Petition at 4, Direct Testimony of Witness Hightower and Stephens, p.4. In other words, calling ACE’s IVR system from a CSC is no different than the customer calling ACE’s IVR system from home. At its CSC’s, the only service provided by ACE is to accept bill payments. RCR-14 & RCR -15. ACE does not provide any other customer service in person, and alleges that no customer service problem requires meeting with a live ACE customer service staff person because all concerns can be addressed either on the phone or on line. RCR-19. Accordingly, it is unclear whether ACE’s CSCs currently provide any value to its customers. ACE also admits it has not investigated using any technology at its CSC’s that would provide virtual meetings with an ACE customer service agent. RCR-19.

¹ ACE characterizes this automated voice menu as “user friendly” self-service. (Petition at 4, Direct Testimony of Witness Hightower and Stephens, p.4)

Regarding payment, in-person payment alternatives to the Turnersville Location and Cape May Courthouse Locations are also available to customers. Petition at 5. ACE states that it offers over 50 in-person alternative payment locations throughout its service territory. Petition at 5. These locations include Walmart retail stores, where customers can pay their bills via CheckFreePay (Fiserv), a third-party vendor which charges \$1.50 to make each payment. RCR 10 & RCR 12. ACE claims that 6 merchants, including Walmart, accepting the Fiserv payment system are present in what ACE has designated as “the Company’s service territory.” Petition at 5. There are, however, only two Fiserv locations conveniently located within two and five miles of the Turnersville and Cape May Court House locations according to ACE’s expert testimony. Direct Testimony of Witness Hightower and Stephens, p.16, line 8 & 9.

Since approximately September 2021, ACE has paid FiServ its fee for providing this payment service to ACE’s customers; however, ACE then recovers the costs for the FiServ payments from all ACE ratepayers through its cost of service. Petition at 5, RCR 10, RCR 11 & RCR 12, RCR 37. Prior to approximately September 2021, those ACE customers who used the FiServ payment service paid their own fees directly when paying their utility bills in person. RCR 10, RCR 10 Attachment 1, RCR 11, & RCR 12, RCR 37. The Company records the costs of the FiServ fees that it pays to FERC Account 903. RCR 37 ACE customers may also pay their bills at Western Union, which charges a fee of \$1.50 directly to the customer in order to make transactions. ACE and its other ratepayers do not pay the Western Union fee for those ACE customers who pay their bills there.

Reasons for the Proposed Closure of Two of ACE's Five Remaining CSC's

A. Decline in Customers: ACE proposes to close two of its CSCs due to their declining usage by its customers. While ACE points out that these two offices are currently utilized by only a very small number of ACE customers, and are used only for making bill payments, closing them will leave ACE with only three CSCs in its entire territory. This will require ACE customers in much of its service territory to drive farther to visit a CSC. However, none of ACE's five CSCs offer in-person meetings between its customer service staff and its customers to discuss any issue except accepting a bill payment. This raises a concern about the public interest in the Company providing its customers with adequate and proper utility service.

Both CSC locations proposed for closure have experienced significant declines in usage over the years, a trend that began prior to and was accelerated by the COVID-19 Pandemic. Petition at 3. Over the past 12 months, ACE reports 9,900 payments have been made at the Turnersville location (Direct Testimony of Witness Hightower and Stephens, p.10), down significantly from 57,760 in 2013. ACE estimated that recently 1,490 unique customers made payments at the Turnersville location. RCR-4. For the Cape May Court House Location, ACE reports 7,396 payments were made there (Direct Testimony of Witness Hightower and Stephens, p.9), also down from 32,133 in 2013. Recent payments at this location were estimated to be made by 666 unique customers. RCR-5.

B. Savings & Cost of Closing: ACE anticipates saving approximately \$40,000 in annual operation expenses (Direct Testimony of Witness Perry, p.9, line 21) and an additional approximately \$230,000 in cost reductions by closing the two offices. Direct Testimony of Witness Hightower and Stephens, p.20, lines 5-14. ACE states that it will also avoid the capital investment to improve safety and security (outlined below) at these two CSCs, totaling \$1.5 Million (\$750,000 each). ACE bases this estimate on similar, recent work ACE has performed at a different CSC. RCR-26.

C. Safety and Security: ACE asserts that safety and security reinforce the need to close the two Locations. Petition at 7. Company employees are handling currency near the public, and these are the only two ACE CSCs that lack similar security features such as bulletproof glass, walls or doors, and/or a panic room. Petition at 7, RCR-25 & RCR 28. ACE speculates that risks exist, such as robbery, at both CSC Locations and, specifically at the Cape May Court House Location, an increased risk of motor vehicle accidents and/or unauthorized entry remains. Petition at 8 & RCR-27. While ACE has not documented security incidents involving law enforcement agencies at either of these two CSC's (RCR-27), ACE reports that three times within the past year vehicles in a third party's parking lot near its Turnersville Location were burglarized, and tools and copper were stolen. RCR-24. ACE does not identify the owner of the parking lot or the vehicles.

Tariff Modifications

ACE is also seeking approval under N.J.A.C. 14:15-11 to amend its filed Tariff to reflect the closure of the Turnersville Location and the Cape May Court House Location and remove those office locations from the Company's listed payment locations.

Analysis

1. Notice

The Board's regulations provide that, simultaneously with the filing of a petition to close an office, a utility must notify its customers and the clerk of each affected municipality of the pending application for permission to 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 provides that ACE took steps to notify the affected municipalities and customers of the anticipated closure of its offices. RCR-3. A copy of the correspondence sent to the municipal clerks of Washington and Middle Townships was provided with the Petition. RCR-3. The Company published notice in the area newspaper and proof of that publication was filed with the Certification of Cynthia L.M. Holland, Esq. RCR-3. ACE also represented that it placed signage on the doors of these CSCs in both English and Spanish, as well as posting on its website, targeted social media, customer communication and bill messages were provided. Petition at 11-13, RCR-3, and Direct Testimony of Witness Perry, p.9.

In accordance with the Board's regulations, N.J.A.C. 14:3-5.1(e)2, the proposed public notices advised customers and the affected municipalities of their right to file comments on the proposed CSC closings with the Board. Petition, Exhibit A.

Rate Counsel recommends that ACE provide additional, enhanced public notice:

1) ACE should notify, effective immediately, each person entering the CSCs proposed for closure: i) of the closures, ii) advise them how to pay their bills for free via the web or phone, and iii) instruct them where the nearest payment centers are (Walmart, Western Union, etc.).

2) ACE should agree to communicate additional public notice of the 2 CSC closings, if it obtains Board approval, by updating its CSC addresses on the Company's website and posting the closures on the Company's website, by posting the closings on social media (e.g. Facebook/Instagram/Twitter), and providing the Board approval of the closings to local and State social and senior agencies in the affected areas.

2. Timely Filing, Not Unreasonable, and not Unduly Prejudicial to the Public Interest

The Board's regulations also provide that, when seeking to close or relocate an office, a utility must demonstrate to the Board that: i) the filing for approval was timely, at least 60 days before the proposed closure of a CSC, and ii) 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 current Petition is timely as it was filed on April 1, 2024, more than 60 days before the requested July 1, 2024 date for closing both CSCs.

N.J.A.C. 14:3-5.1(e)(1) requires that a utility, when seeking to close an office, must demonstrate to the Board that the closure or relocation is not unreasonable and will not unduly prejudice the public interest. Review of the current Petition suggests that the proposed closure of these two CSCs, as well as ACE's operation of its CSCs, raise concerns about the effect of ACE's customer service on the public interest.

The Company proposes to close two of its five CSC's. ACE has reported a significant decline in customers using these two CSCs, estimated reductions in costs, and avoided one-time capital investments of almost \$1.8 million, and has highlighted safety concerns at the Turnersville Location and Cape May Court House Location. While Rate Counsel acknowledges the merits of the above issues, we simultaneously identify matters needing to be addressed.

3. In-Person Customer Service

The Board Rule on CSCs suggests that a public utility must maintain at least one "in person" business office that provides services beyond accepting bill payment. N.J.A.C. 14:3-5.1(a) ("each utility shall maintain an office in its New Jersey service area...where application for service, complaints, service inquiries, bill payments, and so forth, will be received."). At its CSC's, the only service provided by ACE is to accept bill payments. RCR-14 & RCR-15. A live, customer service agent is not available in person to address customer service questions and problems, and may only be contacted by phone through the Company's automated IVR phone system. Petition at 4, RCR 14, RCR-15, & Direct Testimony of Witness Hightower and Stephens, p.4. ACE does not have any location where a customer can meet virtually or in person

with an ACE customer service staff person to discuss any customer service issue. Rate Counsel recommends that the Board investigate ACE's customer service practices in its next Base Rate Case, including but not limited to customer access to ACE's customer service staff in-person during designated, publicized hours, at reasonably convenient locations within its territory, or practical and cost-effective alternatives, such as using readily available technologies for "virtual" meetings.

4. Fees

At Walmart, customers can pay their bills via CheckFreePay (FiServ), which charges \$1.50 to make each payment RCR 10 & RCR 12. Although ACE has paid the FiServ fee for accepting ACE customer payments since late 2021, ACE recovers the costs for these payments from all its customers in its cost of service. Petition at 5, RCR 10, RCR 11, RCR 12 & RCR 37. ACE customers previously paid their own fees directly when paying their bills in person through a third party vendor. RCR 10, RCR 10 Attachment 1, RCR 11, RCR 12 & RCR 37. Currently, ACE records the fees it pays to FiServ to FERC Account 903. RCR 37. Rate Counsel recommends that the Board direct that ACE may not recover through its rates the fees charged by any third-party vendor for accepting ACE customer payments and, if ACE intends to do so in the future, that ACE must explicitly request Board permission to recover these fees in its next Base Rate Case.

Conclusion

Based on the above analysis, Rate Counsel does not consider ACE's petition to close its Turnersville and Cape May Court House CSC's unreasonable or unduly prejudicial to the public interest. However, Rate Counsel is concerned as to whether ACE has adequate staff, technology, resources, and/or physical facilities available to accommodate in-person customer service requests at reasonably convenient locations within its service territory. Currently, other than accepting bill payments, ACE does not provide in-person access, during designated, publicized hours, at reasonably convenient locations, anywhere within its service territory.

Rate Counsel recommends that the Board investigate ACE's customer service practices in its next Base Rate Case, including, but not limited to customer access to ACE's customer service staff. Such "in-person" access also may include practical and cost-effective alternatives, such as using readily available technologies for "virtual" meetings.

We recommend below specific measures for ACE to implement to address these concerns about the public interest.

Recommendations

Rate Counsel does not object to ACE's Petition requesting approval to close its Turnersville and Cape May Court House CSC's, provided the Board requires ACE to meet the conditions set forth below. We reserve our rights to review the prudence, recoverability and rate impact of any costs incurred to close the Turnersville and Cape May Court House CSC, to

reassign its staff, or to expand the in-person customer service capacity of any location, in ACE's next Base Rate Case or other appropriate proceeding.

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

- 1) ACE will notify each person entering the proposed CSC being closed: i) of the closures, ii) advise them how to pay their bills for free via the web or phone, and iii) instruct them where the nearest payment centers are (Walmart, Western Union, etc.).
- 2) The Board will investigate ACE's customer service capabilities, including the ability to meet with customers in-person about their service requests, during designated, publicized hours, at reasonably convenient locations within its service territory, or practical and cost-effective alternatives, such as "virtual" meetings.
- 3) ACE will communicate additional public notice of closing the two CSCs once it obtains Board approval by updating its CSC addresses on the Company's website and posting the closures on the company's website, by posting the Closings on social media, and providing the Board approval of the closings to local and State social and senior agencies in the affected communities.
- 4) ACE may not recover through its rates the fees charged by any third-party vendor for accepting ACE customer payments. If ACE intends in the future to recover these third-party vendor fees and reflect that charge in its Tariff, ACE must explicitly request Board permission to do so in its next Base Rate Case.

Honorable Sherri Golden, Secretary

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- 5) Rate Counsel reserves the right to address any third-party vendor fees, customer service fees, convenience fees or other fees that ACE charges its ratepayers, in ACE's next Base Rate Case or other appropriate proceeding.

Respectfully submitted,

BRIAN O. LIPMAN, DIRECTOR
DIVISION OF RATE COUNSEL

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

BW

c: Service List

**I/M/O ACE Close Customer Service
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BPU Docket No: EO24040205**

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