Agenda Date: 9/21/11 Agenda Item: 2B



STATE OF NEW JERSEY **Board of Public Utilities** 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, New Jersey 08625-0350 www.nj.gov/bpu/

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))) **RELIABILITY & SECURITY** AND ENERGY

IN THE MATTER OF THE BOARD'S INVESTIGATION INTO RELIABILITY ISSUES RELATED TO JERSEY **CENTRAL POWER & LIGHT COMPANY'S** MORRISTOWN UNDERGROUND SYSTEM

RELIABILITY MASTER TO REVIEW THE DESIGN AND) **OPERATION STANDARDS OF** JCP&L'S MORRISTOWN UNDERGROUND SYSTEM AND DEVELOP **RECOMMENDATIONS TO** THE BOARD

DOCKET NO E011090526

Marc B. Lasky, Attorney for Jersey Central Power & Light Company

BY THE BOARD:

The Board of Public Utilities ("Board") is empowered to ensure that regulated public utilities provide safe, adequate and proper service to the citizens of New Jersev. N.J.S.A. 48:2-23.

Pursuant to N.J.S.A. 48:2-13, the Board has been vested by the Legislature with the general supervision and regulation of and jurisdiction and control over all public utilities, "so far as may be necessary for the purpose of carrying out the provisions of [Title 48]." The courts of this State have held that the grant of power by the Legislature to the Board is to be read broadly, and that the provisions of the statute governing public utilities are to be construed liberally. See, e.a. In re Public Service Electric and Gas Company, 35 N.J. 358, 371 (1961); Township of Deptford v. Woodbury Terrace Sewerage Corp. 54 N.J. 418, 424 (1969); Bergen County v. Dep't of Public Utilities, 117 N.J. Super. 304 (App. Div. 1971). The Board is also vested with the authority, pursuant to N.J.S.A. 48:2-19, to investigate any public utility, and, pursuant to N.J.S.A. 48:2-16 and 48:2-40, to issue orders to public utilities.

Jersey Central Power & Light Company ("JCP&L" or the "Company") is an electric public utility subject to the jurisdiction of the Board. JCP&L's underground electric system consists of five 12.47 kV distribution circuits fed from two 14 MVA transformers, both located in the Ridgedale Avenue substation in Morristown, New Jersey. The network has approximately 50 transformers located in vaults in downtown Morristown, New Jersey. The network serves approximately 1,100 accounts. The load served by the network has decreased over the past 10 years from 12.4 MVA to 10 MVA due to the Morristown Redevelopment Plan. The network is designed to at least N-1 capability, meaning that the failure of a single component will not jeopardize the load on the network as a whole.

A series of reliability-related events or "incidents" have occurred over the past several years on the Morristown underground electrical system. The number of incidents, and the severity of some of the incidents, lead the Board to conclude that there needs to be an investigation to determine if the incidents reflect systemic problems on the system, and if so, what measures, if any, should be taken by the Company to rectify the situation.

The latest incident, on August 31, 2011, resulted in personal injuries when heat discharged from a manhole injured a motorist waiting at a traffic light in Morristown, New Jersey. Before that, the Morristown community experienced a series of explosions that caused serious damage to the Morristown and Morris Township Library in May of 2010. There have also been a number of other incidents where equipment malfunctions have caused power interruptions. Since 2005, there has been at least four other incidents where power was lost, evacuations were required or explosions that could have endangered lives have occurred.

In order to properly discharge its statutory responsibilities, as summarized above, and based on the recommendation of Board Staff, the Board has determined that it needs to begin a thorough investigation of the issues raised by the incidents described above with the aid of a qualified engineering firm. The scope of work would include, among other things, a critique of the system design in light of the numerous incidents over the past several years, an assessment of JCP&L's operating and maintenance practices, and recommendations for improvements, if needed. As the investigation moves forward, the Board may need additional consulting services in other specific areas.

Accordingly, the Board <u>HEREBY DIRECTS</u> that JCP&L hire a Special Reliability Master subject to Board approval, to evaluate JCP&L's design, operating, maintenance and performance standards as they pertain to the Morristown underground electric distribution system, and make recommendations to the Company and the Board on the appropriate courses of action necessary to ensure adequate reliability and safety in the Morristown underground network. The Special Reliability Master shall also work with local elected officials, and community and business leaders to address their concerns. JCP&L shall provide its recommendation to the Board with sufficient time for review by Board Staff prior to the October 13, 2011 Board meeting.

The Special Reliability master shall have the responsibility to identify to Board Staff any special needs that require the procurement of additional consulting services, so that Board Staff may seek approval of the Board.

The Board <u>HEREBY ORDERS</u> JCP&L to pay all associated costs, including for any additional consultants as may be necessary, in the Board's sole discretion, to assist the Board and its Staff in the resolution of this matter, and to provide its full cooperation in all aspects of this investigation including with the Special Reliability Master and any such consultants.

DATED: 9/22/11

BOARD OF PUBLIC UTILITIES BY:

E A. SOLOMON PRESIDENT

e M. For

JEANNE M. FOX COMMISSIONER

JØSEPH L. FIORDALISO COMMISSIONER

ATTEST: **KRISTI IZZO** SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities

DOCKET NO EO11090526

IN THE MATTER OF THE BOARD'S INVESTIGATION INTO RELIABILITY ISSUES RELATED TO JERSEY CENTRAL POWER & LIGHT COMPANY'S MORRISTOWN UNDERGROUND SYSTEM - DOCKET NO E011090526.

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