



Agenda Date: 10/13/11
Agenda Item: 2C

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/

ENERGY

IN THE MATTER OF THE BOARD'S INVESTIGATION)
INTO RELIABILITY ISSUES RELATED TO JERSEY)
CENTRAL POWER & LIGHT COMPANY'S)
MORRISTOWN UNDERGROUND DISTRIBUTION)
SYSTEM)
DOCKET NO. EO11090526

Marc B. Lasky, Attorney for Jersey Central Power & Light Company
Stefanie A. Brand, Director, Division of Rate Counsel

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 Jersey. 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.g. 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 and Light Company ("JCP&L") currently operates an underground electrical system ("Network") in Morristown that consists of five (5) 12.47 kV distribution circuits which includes approximately 50 transformers located in vaults in the downtown Morristown area. A series of events and incidents have occurred in recent years that have impacted reliability and in some cases cause damage to person and property. These incidents include damage to the Morristown library and in the most recent case, personal injury to a member of the public. In order to properly discharge its statutory responsibilities, as summarized above, and based on the recommendation of Staff, the Board issued its Order dated September 22, 2010 directing JCP&L to hire a Special Reliability Master ("SRM") to critique the Network


design, assess JCP&L's maintenance and operation of the Network, determine the current state/status of the Network, assist in understanding the public concerns and make recommendations, if applicable, to increase safety and reliability of the Network. The Board required the Company to seek approval of the SRM and the scope-of-work. JCP&L has proposed a SRM and Scope-of-Work consistent with the Board's September 22, 2011 Order Board Staff has recommended approval of the retention of Mr. Downe's firm citing his previous work on electric utility reliability issues in the State including a 2003 reliability study at the direction of the Board on JCP&L's system.

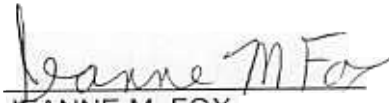
Accordingly, the Board HEREBY DIRECTS that JCP&L retain Patrick Downes of PJ Downes Associates, LLC as the Special Reliability Master to investigate the status, operation, maintenance, reliability and safety of the Morristown underground electrical network per the Scope-of-Work as recommended by Staff.

The Board HEREBY ORDERS JCP&L to pay all associated costs required to assist the Board and its Staff in the resolution of this matter. The Board retains sole discretion in determining the necessity of whether additional resources are required and directs the company to provide its full cooperation in all aspects of this investigation.


DATED: 10/13/11

BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

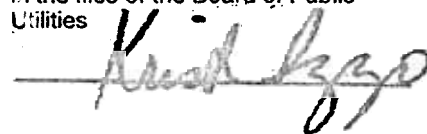

JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
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



IN THE MATTER OF THE BOARD'S INVESTIGATION INTO
RELIABILITY ISSUES RELATED TO JERSEY CENTRAL POWER & LIGHT COMPANY'S
MORRISTOWN UNDERGROUND SYSTEM - DOCKET NO EO11090526.

SERVICE LIST

Ms. Kristi Izzo, Secretary Board of Public Utilities 44 South Clinton Avenue 9th Fl. P.O. Box 350 Trenton, NJ 08625	Jerome May, Director Division of Energy Board of Public Utilities 44 South Clinton Avenue 9th Fl. P.O. Box 350 Trenton, NJ 08625	Richard Jackson Executive Director Board of Public Utilities 44 South Clinton Avenue 9th Fl. P.O. Box 350 Trenton, NJ 08625
Kenneth Sheehan, Esq. Chief Counsel Board of Public Utilities 44 South Clinton Avenue, 9th Fl. P.O. Box 350 Trenton, NJ 08625	Dennis Moran, Director Division of Audits Board of Public Utilities 44 South Clinton Avenue, 9th Fl. P.O. Box 350 Trenton, NJ 08625	Donald M. Lynch, Region President Jersey Central Power and Light Company 300 Madison Avenue P.O. Box 1911 Morristown, NJ 07962-1911
Caroline Vachier, DAG Dept. Of Law & Public Safety Division of Law 124 Halsey Street P.O. Box 45029 Newark, NJ 07101	Marc B. Lasky, Esq. Morgan, Lewis & Bockius, LLP 89 Headquarters Plaza North Suite 1435 Morristown, NJ 07960	Stefanie A. Brand, Esq. Director Division of the Rate Counsel 31 Clinton Street-11th Floor P.O. Box 46005 Newark, NJ 07101
Arthur E. Korkosz, Esq. First Energy Corp. 76 S. Main Street, 18th Floor Akron, OH 44308	Larry Sweeney Jersey Central Power & Light Co. 300 Madison Avenue P.O. Box 1911 Morristown, NJ 07962	Kurt S. Lewandowski, Esq. Division of the Rate Counsel 31 Clinton Street-11th Floor P.O. Box 46005 Newark, NJ 07101
Paul Flanagan, Esq. Division of the Rate Counsel 31 Clinton Street-11th Floor P.O. Box 46005 Newark, NJ 07101	Ami Morita, Esq. Division of the Rate Counsel 31 Clinton Street-11th Floor P.O. Box 46005 Newark, NJ 07101.	
Lisa Gurkas Division of Rate Counsel 31 Clinton Street, 11th Floor P.O. Box 46005 Newark, NJ 07101	Mark C. Beyer, Chief Economist Office of Economist Board of Public Utilities 44 South Clinton Avenue, 9th Fl. P.O. Box 350 Trenton, NJ 08625	

Scope of Work for Morristown Underground Distribution System Assessment

Purpose

As ordered¹ by the New Jersey Board of Public Utilities (the “Board”), the Jersey Central Power & Light Company (the “Company” or “JCP&L”) is hiring a Special Reliability Master (“Consultant”) to evaluate the Company’s design, operation, maintenance, and performance standards relative the Company’s Morristown Underground Network System² (the “Network”) (the Consultant’s evaluation of the Network is hereinafter referred to as the “Project”).

Scope of Work

The Consultant shall investigate and evaluate the Network, including a review of an incident that occurred on August 31, 2011² and the history of incidents involving the Network since 2000. This review shall include:

1. A critique of the Network design;
2. An assessment of the Company’s operating and maintenance practices and procedures relative to the Network system;
3. A review of the current state of the Network;
4. Working with local elected officials, community leaders, and business leaders to understand their concerns; and
5. Provide recommendations to the Company and Board, if applicable, that would increase reliability and safety of the Network

Access

The Company shall make reasonable accommodations for the Consultant’s access to:

1. The Network (*i.e.*, physical access);
2. The Company’s published operating and maintenance practices and performance standards relative to underground network systems;
3. The Company’s materials specifications, design drawings, and design guidance for underground network systems;
4. Network maps and facilities data; and
5. Operating, maintenance, and reliability data related to the Network, including Regional Dispatch Office (“RDO”) contingency analysis and System Operating Procedures.

¹ See Board Order issued September 21, 2011, *In the Matter of the Board's Investigation Into Reliability Issues Related to Jersey Central Power & Light Company's Morristown Underground System*, New Jersey Board of Public Utilities, Docket No. EO11090526.

² Including any nearby non-network manhole and duct equipment involved in previous Morristown incidents.

Scope of Work for Morristown Underground Distribution System Assessment

6. Any additional data, reports or individuals that have conducted previous review and/or investigations into incidents or operation and maintenance of the Morristown network subject to the confidentiality conditions noted below.

Deliverables

The Consultant shall provide a proposed schedule for the Project within two weeks of the contract award.

The Consultant shall provide a written progress report, regarding the Project, to the Board Staff and the designated Company Representative every 2 weeks, commencing with the date of the contract award.

The Consultant shall provide a written report (the "Project Report"), which shall include:

1. A written critique of the Morristown Network;
2. An assessment of the Company's operating and maintenance practices with respect to the Network;
3. An audit of the Company's execution of its System Operating Procedures during recent events involving the Network;
4. An evaluation of the known failure rates for the Network's major equipment and materials, and how such rates compare with industry experience;
5. The identification of new technologies, system improvements, and changes to operating practices that could be used to ensure adequate reliability and safety of, and in, the Network;

Period of Performance

The Consultant shall complete the investigation and evaluation, and submit the written Project Report, to the Company and Board Staff by the target date of January 31, 2012.

Special Requirements

The Consultant shall ensure and certify that any personnel, working on behalf of the Consultant inspecting the Network, shall have appropriate training and shall have, wear, and utilize appropriate personal protective equipment for the environment, consistent with the Company's applicable safety and technical requirements and applicable industry standards; including by way of example, but not limited to, training for the close inspection of electrical equipment and apparatus, and confined space entry.

The Consultant shall have the responsibility to identify to the Board Staff any special needs relative to the Project that require additional consulting services, which the Consultant is unable to provide directly, so that Board Staff may seek approval of the Board for obtaining such additional services.

Scope of Work for Morristown Underground Distribution System Assessment

Confidentiality

The Consultant, and any persons (whether employees or subcontractors) working for Consultant, shall enter into a confidentiality agreement with the Company with respect to JCP&L's right to have confidential treatment accorded to material, information, whether written or oral, or items, provided to Consultant and/or its employees and subcontractors during and in connection with the Project, that may constitute or contain confidential or proprietary information or trade secrets relating to JCP&L's business, or which otherwise may be deemed by JCP&L to be of a market-sensitive, competitive and potentially adverse to the conduct of its business, confidential or proprietary in nature, including with respect to matters of electric system security (hereinafter referred to as "Confidential Information"), in order to provide adequate protection to JCP&L with respect to any such Confidential Information without, however, prejudicing the rights or interests of the Consultant under the Consulting Agreement.

Notwithstanding the above, the final results and report developed by the Consultant, which shall take into account the Confidentiality Agreement, will not themselves be considered confidential and will be made available for public review and dissemination as determined by the Board; provided, however, that if the Consultant determines that it is impossible to avoid disclosure of Confidential Information in the final report, after discussion with the company, the Consultant shall prepare a confidential un-redacted version of the final report for the Board's view and a redacted version of the final report for public distribution.

Contacts

The Consultant shall forward all Project correspondence, including data requests, site inspection requests, interview requests, progress reports, draft and final Project Reports to the Board Staff and designated Company Representative listed below:

New Jersey Board of Public Utilities
Thomas N. Walker, PE, CCE
44 South Clinton Ave, 9th Floor
PO Box 350
Trenton, NJ 08625
Thomas.Walker@bpu.state.nj.us

Jersey Central Power & Light Company
Larry Sweeney
Jersey Central Power & Light Co.
300 Madison Avenue
P.O. Box 1911
Morristown, NJ 07962

Scope of Work for Morristown Underground Distribution System Assessment

Confidentiality

The Consultant, and any persons (whether employees or subcontractors) working for Consultant, shall enter into a confidentiality agreement with the Company with respect to JCP&L's right to have confidential treatment accorded to material, information, whether written or oral, or items, provided to Consultant and/or its employees and subcontractors during and in connection with the Project, that may constitute or contain confidential or proprietary information or trade secrets relating to JCP&L's business, or which otherwise may be deemed by JCP&L to be of a market-sensitive, competitive and potentially adverse to the conduct of its business, confidential or proprietary in nature, including with respect to matters of electric system security (hereinafter referred to as "Confidential Information"), in order to provide adequate protection to JCP&L with respect to any such Confidential Information without, however, prejudicing the rights or interests of the Consultant under the Consulting Agreement.

Notwithstanding the above, the final results and report developed by the Consultant, which shall take into account the Confidentiality Agreement, will not themselves be considered confidential and will be made available for public review and dissemination as determined by the Board; provided, however, that if the Consultant determines that it is impossible to avoid disclosure of Confidential Information in the final report, after discussion with the company, the Consultant shall prepare a confidential un-redacted version of the final report for the Board's view and a redacted version of the final report for public distribution.

Contacts

The Consultant shall forward all Project correspondence, including data requests, site inspection requests, interview requests, progress reports, draft and final Project Reports to the Board Staff and designated Company Representative listed below:

New Jersey Board of Public Utilities
Thomas N. Walker, PE, CCE
44 South Clinton Ave, 9th Floor
PO Box 350
Trenton, NJ 08625
Thomas.Walker@bpu.state.nj.us

Jersey Central Power & Light Company
Larry Sweeney
Jersey Central Power & Light Co.
300 Madison Avenue
P.O. Box 1911
Morristown, NJ 07962