

Delaware Public Service Commission Press Release

FOR IMMEDIATE RELEASE

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Delaware Public Service Commission Files Federal Artificial Island Complaint

Today the Delaware Public Service Commission took the unprecedented step of filing a Federal Power Act Section 206 Complaint Filing with the Federal Energy Regulatory Commission (“FERC”) seeking relief from the proposed cost allocation for the PJM recommended Artificial Island solution. The Complaint alleges that the proposed cost allocation is unjust, unreasonable and wholly inconsistent with cost-causation principles and legal precedent requiring the allocation of transmission project costs to be "roughly commensurate" with the benefits of the project. The complaint further asks FERC to require PJM to propose a resolution in which costs and benefits are “roughly commensurate.”

The proposed cost allocation would require Delmarva Peninsula electric customers, including all customers in Delaware, to pay almost 90% of the cost to resolve system stability issues related to generation at New Jersey’s Artificial Island nuclear complex. Without some relief, Delaware ratepayer transmission costs would increase by an estimated 25-30% by 2018. Dallas Winslow, Chairman of the Delaware Public Service Commission indicated that this action is an absolutely necessary step to help contain Delaware’s future energy costs. “The State of Delaware cannot just accept a PJM tariff approved cost allocation when it is patently unfair and inequitable to Delaware ratepayers.” Delaware Governor Jack Markell previously submitted comments to FERC supporting the Delaware PSC’s position, saying, “FERC has an opportunity to modify how costs are allocated so that those who are required to pay transmission project costs align with those who benefit from the project.”

The Artificial Island project is designed to resolve system stability and generation operating issues related to the PSEG Nuclear, LLC generating units on Artificial Island. The project includes 500KV substation work in New Jersey, 230 KV transmission line work in Delaware and a new 230KV transmission line to be constructed under the Delaware River from Salem to a new substation in Delaware that would tap into the existing Red Lion-Carranza and Red Lion-Cedar Creek 230 KV lines. The PJM designated entity for constructing the line is LS Power, through its Northeast Transmission Development subsidiary.

The total cost of the project is estimated at \$275 million of which \$246 million would be allocated to Delmarva Peninsula rate payers, including customers of Delmarva Power, municipal customers in Delaware, and Delaware Electric Cooperative customers, among others. Without resolution of this issue, Delmarva Power residential customers will see bills rise by an estimated \$2.00 per month. Commercial and industrial energy users will experience significantly higher costs.

The Public Service Commission has attempted to seek resolution of the issue with PJM and the PJM Transmission Owners responsible for the cost allocation process, but have not been able to reach a resolution. The Federal Complaint is the latest attempt to resolve the cost allocation issue and secure just and reasonable utility rates for Delaware electric customers.

For more information please refer to FERC docket EL-15-95.