



A PHI Company

Douglas E. Micheel
Assistant General Counsel

EP1132
701 Ninth Street, NW
Suite 1100, 10th Floor
Washington, DC 20068
202 872-2318
202 331-6767 Fax
demicheel@pepcoholdings.com

May 18, 2012

Mr. David J. Collins
Executive Secretary
Public Service Commission of Maryland
William Donald Schaefer Tower
6 St. Paul Street, 16th Floor
Baltimore, MD 21202-6808

Re: PC 29 Summer Reliability Status Conference

Dear Mr. Collins:

Enclosed please find an original and seventeen (17) copies of Delmarva Power & Light Company's Comments regarding the 2012 Summer Reliability Status Conference.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Micheel".

Douglas E. Micheel

DEM/aka

Enclosures

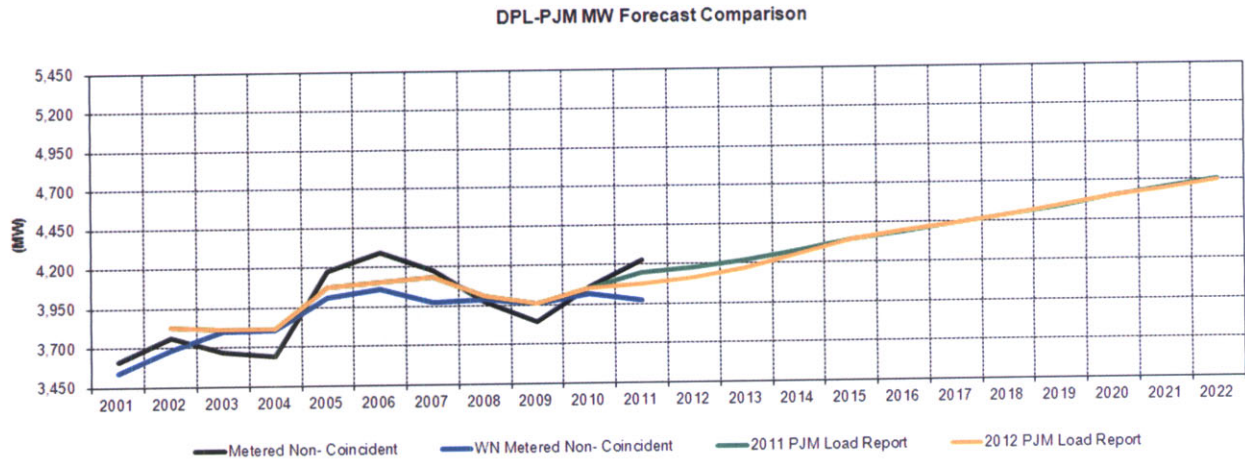
- Evaluating transmission system outage requests to ensure reliability and safe transmission operations;
- Minimizing power outages and safely resolving trouble reports and emergency calls by the effective dispatch of crews;
- Maintaining the Outage Restoration System and coordinating scheduled power outages with both external and internal customers; and
- Coordinating all activities with PJM Interconnection LLC ("PJM") related to the operation of the transmission and bulk power system.

Delmarva is prepared to provide reliable electric service during the summer months of 2012. This is a result of a planning process which includes: (a) meeting load-serving responsibility through generation resources; and (b) planning and investing in a transmission and distribution system that is tailored to the requirements of Delmarva's load.

Peak Load Forecast

Figure 1 presents the historical and forecasted peak load data for PJM's Delmarva Zone. The figure contains four data concepts: the metered (restricted) zonal load non-coincident with the PJM system peak (black line), the weather normalized metered zonal load non-coincident with the PJM system peak (blue line), PJM's unrestricted zonal forecast from their 2011 Load Report (green line), PJM's unrestricted zonal forecast from their 2012 Load Report (yellow line).

Figure 1 - Delmarva Zone



The recent forecasts of electric power demand in the Delmarva Zone prepared by PJM are reported in Table 1. The data for years 2009, 2010, and the 2012 column for year 2011 represent weather normalized actual peaks.

Table 1 - Delmarva Zonal Load Forecast

	2011 PJM Load Report (MW)	2012 PJM Load Report (MW)
2009	3,960	3,960
2010	4,050	4,050
2011	4,148	4,070
2012	4,173	4,111
2013	4,219	4,166
2014	4,279	4,256
2015	4,339	4,342
2016	4,383	4,393
2017	4,435	4,438
2018	4,488	4,485
2019	4,539	4,545
2020	4,601	4,604
2021	4,651	4,649
2022	4,703	4,695

Energy Procurement

In accordance with Commission orders in Case No. 9056 and Case No. 9064, Delmarva conducted a competitive procurement for full requirements service in Maryland, including capacity, for all Delmarva Standard Offer Service ("SOS") load. Delmarva entered Full Requirements Service Agreements ("FSA") with a number of wholesale suppliers that fully meet its SOS load obligations for the planning period commencing June 1, 2012. In addition, Delmarva will use Commission approved procurement procedures to acquire energy, capacity and ancillary services from PJM markets to meet any future obligations for customers that choose hourly-priced service. The capacity resources used by the FSA suppliers to satisfy their obligations to Delmarva must meet PJM requirements including the requirements of the Reliability Assurance Agreement. For example, these capacity resources must be committed to PJM throughout the summer period, and the generation owners must comply with PJM administered summer outage scheduling requirements. In summary, Delmarva has taken the necessary steps to meet peak load obligations this summer by executing the FSAs that satisfy all PJM load and capacity obligations for SOS during 2012.

In addition to the supply side resources that fully satisfy Delmarva's summer peak load obligations, Delmarva can reduce its system demand through its demand response program, Energy Wise Rewards™ and its legacy direct load control program, Energy For Tomorrow. These programs enable Delmarva's customers to better manage their energy usage, as well as providing Delmarva with another reliability resource during peak summer hours only. From June through October, Energy Wise Rewards™ will only be initiated under specific conditions, such as PJM system emergencies and periods of substantially higher market prices.

Demand Response Capability

Delmarva’s projected demand response and energy efficiency capability in the Delmarva Maryland Zone for June 1, 2012 is 29 MW of unforced capacity (UCAP). Such capability will be available to PJM and to the Delmarva Control Center to help meet the peak load forecast and to maintain reliable transmission and distribution operations throughout the summer of 2012. Other demand response resources will also be available from third party curtailment service providers within the Delmarva Maryland area during the summer of 2012.

Table 2 - Delmarva Zone, Maryland DR and EE Capability

Delmarva Zone, Maryland DR & EE Capability (Delmarva Power program figures only)	
	<u>MW, UCAP</u>
Direct Load Control	28 MW
Energy Efficiency	1 MW
Total Capability	29 MW

Status of Transmission and Distribution

Delmarva owns nearly 1540 miles of transmission lines. Delmarva is a member of PJM, the Regional Transmission Organization responsible for providing all transmission service and administering the PJM transmission tariff within the PJM control area. PJM directs the operation of Delmarva's transmission system. Barring any unforeseen major events, Delmarva expects its transmission system to perform without problems throughout 2012. Moreover, Delmarva is currently in the process of executing an aggressive multi-year transmission expansion plan. Several projects have been completed within the past year or are planned for completion prior to the 2012 summer. Projects such as those listed below will help meet the future demand and improve reliability within the service territory:

- a. Ongoing work at Keeney substation, a critical 500 kV import tie station on the DPL transmission system; inclusive of additional 500 kV breakers and relay upgrades to improve reliability and increase capacity
- b. Rebuild sections of the 69 kV line between Easton and Todd substations increasing the reliability particularly along Maryland's Eastern Shore following an N-1 event
- c. Addition of a second 138 kV transmission line between Indian River and Bishop substations providing a second source to improve reliability in the Maryland beach area following an N-1-1 event
- d. Various work throughout the Delmarva territory to ensure the significant number of transmission improvements planned to be in service by June 1, 2013 will be completed on or ahead of their required dates

In addition, throughout the PJM planning process, several projects, such as those listed below, have been planned over the next five years which will increase the reliability in the Delmarva area:

- a. Rebuild the 69 kV transmission line between Maridel and Ocean Bay substations to increase reliability particularly in the Delaware/Maryland beach area following an N-1 event
- b. Addition of a second 138 kV transmission line and rebuild of the existing 138 kV transmission line between Mt. Pleasant and Glasgow substations which will increase the import capability into the Southern Delmarva Peninsula during periods of high system load
- c. Installation of a third 230/138 kV autotransformer at Steele substation which will eliminate overload of the existing transformers following an N-1-1 event
- d. Installation of several reactive devices within the Delmarva zone to improve the varying voltage profile inclusive of a 75MVAR, 138 kV static var compensator at 138th street substation, as well as various transmission capacitor and reactor installations

Delmarva will make a significant investment in transmission infrastructure over the next several years. The projects listed above constitute only a subset of the unprecedented transmission expansion plan Delmarva will execute.

Additionally, through the PJM planning process, Delmarva continues to study the impact various generation additions will have on the transmission and distribution system should they come to fruition. Delmarva's Distributed Energy Resources and Analytics group is working to continually adapt criteria to ensure reliable interconnections.

Over the past year, Delmarva has also completed several distribution system improvements. Projects such as those listed below will help meet the forecasted demand and improve reliability:

- a. Replacement of older transformers including many of the 34/4 kV unit substations in Cecil and Harford Counties
- b. Design of automatic sectionalization and restoration schemes which will improve the speed at which customers are restored following an interruption
- c. Reconductoring of distribution circuits to increase capacity and improve reliability
- d. Proactive replacement of system equipment such as poles, underground residential distribution cable, and oil filled automatic line equipment with newer, more reliable equipment
- e. Load transfers to better balance the distribution of Delmarva system load

Storm Restoration and Emergency Preparedness

Delmarva is prepared to respond to storms and other emergencies this year, and meet or exceed customer needs while doing it.

Training and Drills - A comprehensive review of the process by which employees receive training for their Incident Response roles was conducted and additional training provided for those roles identified as requiring additional emphasis. In the past year, a full functional exercise and multiple table top drills have been conducted to enforce roles and expectations.

Weather Monitoring - A comprehensive review of Delmarva's weather service vendors was conducted as a means to enhance Delmarva's ability to detect and plan for major weather

events, and address issues of short notice of impending storms. In the past year, Delmarva established new contracts with two weather service providers and hosted discussions with each to help address the issue of short notice for pending weather events.

Mutual Assistance – Delmarva has actively participated in a number of regional and national conferences and working groups surrounding the issue of Mutual Assistance, and has favorable agreements for mutual assistance resource sharing with sister utilities around the nation. In addition, Delmarva has also increased the number of overhead contractors and tree trimming crews performing work on the system, greatly improving the options and speed with which Delmarva can obtain additional personnel to assist with the restoration effort.

Restoration Software and Tools - In the past year, Delmarva's parent company, PHI spent nearly \$3.2 million in purchasing additional Mobile Data Terminals ("MDTs") and replacing older MDTs. These tools are part of PHI's effort to enhance the management of resources and outage tickets during all restoration events. Greater deployment of this technology enhances the damage assessment, crew allocation, and Estimated Time of Restoration management process. In addition, PHI solicited the consulting services of a third party vendor to review the existing technologies including the Outage Management System ("OMS"), Customer Information Systems (CIS/C3), Geographic Information System ("GIS"), and Mobile Dispatch System ("MDS") to determine if PHI's key restoration systems were operating as optimally as possible during emergencies. Some suggested refinements included streamlining of outage order grouping rules in the OMS so that crews can more efficiently address work using MDTs and reduce the number of orders that need to be managed. These refinements were later implemented in Delmarva's OMS.

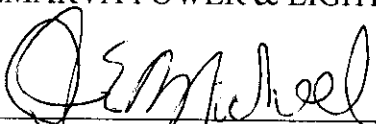
Customer Education and Communications – Delmarva continues to implement and improve customer education around storm preparedness and information during events. Efforts include providing information on storm preparedness and restoration to customers through various channels including a bill insert and pre-storm season customer education advertising. This will be an ongoing activity each year before summer and winter storm seasons. Delmarva continues to develop and document strategies for the use in news media, social media, and the web for pre-storm and emergency event communications. The previously mentioned represent only a subset of the numerous activities to communicate with our customers that Delmarva has been working to implement.

Conclusion

Delmarva is prepared to meet the peak demands on its electric system for the summer of 2012. Through the previously mentioned transmission expansion plan in addition to ongoing reliability and restoration enhancements, Delmarva is poised to meet demand and further improve reliability into the foreseeable future. The Company has taken the actions and made the investments necessary to meet its obligations to continue to provide safe and reliable service to its customers now and in the future.

Respectfully submitted,

DELMARVA POWER & LIGHT COMPANY

By: 
Douglas E. Micheel
Assistant General Counsel

Kirk J. Emge
Douglas E. Micheel
701 Ninth Street, N.W.
Washington, D.C. 20068
(202) 872-2890

Counsel for Delmarva Power & Light Company

Washington, D.C.
May 18, 2012