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New Jersey Board of Public Utilities Approves Settlement Reached in Atlantic City Electric Company Base Rate Case

- Requested rate increase of 6.3% reduced to 3.89% -

Trenton, N.J. – Today, the New Jersey Board of Public Utilities (Board) approved a settlement reached among the parties in the base rate case filed by Atlantic City Electric Company (ACE) which reduces the companies requested rate increase 6.3% down to 3.89%. The Stipulation of Settlement agreed upon by New Jersey Division of Rate Counsel, ACE, Board Staff, and Unimin Corporation includes costs associated with recent major storm events.

The company's initial filing included ACE's proposed storm resiliency investment program, PowerAhead. As part of the settlement, PowerAhead will be bifurcated and retained by the Board to be determined in Phase II of the case.

For the average residential customer, the settlement reduces the requested increase from \$11.73 to \$7.05 on a monthly bill.

“The negotiated settlement is equitable and provides Atlantic City Electric Company with the necessary funds to recover storm related expenses, while keeping increases for the customer in check,” said Richard S. Mroz, President, New Jersey Board of Public Utilities.

On March 22, 2016, ACE filed a petition for an increase in its current base rates for electric service of approximately \$78.9 million. On April 11, 2016, this matter was transmitted to the Office of Administrative Law and assigned to Administrative Law Judge Irene Jones.

After several settlement conferences, on August 24, 2016, the parties reached a Stipulation of Settlement that includes key elements such as:

- Certain Operations and Maintenance costs related to two major storm events, the Bow Echo storm and Winter Storm Jonas, of \$17,913,941 will be recovered in base rates via a three (3) year amortization with no base rate treatment of the unamortized balance.
- Based on an increase in base revenues of \$45 million, inclusive of major storm event costs, the monthly bill for an average residential customer using 1,000 kilowatt hours per month will increase approximately \$7.05 or 3.9 percent.

- The monthly customer charge for Rate Schedule: RS (residential service) will increase from \$4 to \$4.44.

In addition, ACE is seeking authority to implement the grid resiliency program, PowerAhead. ACE argues the program is designed to modernize the electric grid through energy efficiency, increased distribution generation and resiliency. The company's stated goal is to improve the distribution system's ability to withstand major storm events. The proposed initiative is projected to enable the company to recover \$176 million in capital investment over 5 years.

The PowerAhead Program has been separated into a phase II review of the rate case. The Board designated Commissioner Upendra Chivukula as the presiding Commissioner for the Phase II, PowerAhead program.

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