



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PETITION OF ATLANTIC )  
CITY ELECTRIC COMPANY TO RECONCILE AND )  
UPDATE THE LEVEL OF ITS NON-UTILITY )  
GENERATION CHARGE ("NGC"), ITS SOCIETAL )  
BENEFITS CHARGE ("SBC"), AND ITS SYSTEM )  
CONTROL CHARGE ("SCC")- 2012 FILING ) DOCKET NO. ER12020173

IN THE MATTER OF THE PETITION OF ATLANTIC )  
CITY ELECTRIC COMPANY TO RECONCILE AND )  
UPDATE THE LEVEL OF ITS NON-UTILITY )  
GENERATION CHARGE ("NGC"), ITS SOCIETAL )  
BENEFITS CHARGE ("SBC"), AND ITS SYSTEM )  
CONTROL CHARGE ("SCC")- 2013 FILING ) DOCKET NO. ER13030186

**Parties of Record:**

**Philip J. Passanante, Esq.**, Atlantic City Electric Company  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

**BACKGROUND AND PROCEDURAL HISTORY**

As a result of the Final Decision and Order issued by New Jersey Board of Public Utilities ("Board") in Docket Nos. EO97070455, EO97070456, and EO97090457 ("Restructuring Order")<sup>1</sup>, Atlantic City Electric Company ("ACE" or "Company") implemented unbundled rates that included a Market Transition Charge ("MTC"), a Net Non-Utility Generation Charge ("NNGC"), and the Societal Benefits Charge ("SBC") as rates components. The Restructuring Order also established the components of the SBC and the associated cost recovery mechanisms.

Pursuant to the Restructuring Order, and to the extent that expenditures for these initiatives exceeded the amount of their cost recovery, the expenditures were subject to deferred accounting treatment for future recovery at the close of the transition period. The Board further directed ACE to make a filing, no later than August 1, 2002, so the Board could consider the

<sup>1</sup>In the Matter of ACE- Rate Unbundling, Stranded Costs and Restructuring Filings, BPU Docket Nos. EO97070455, EO97070456, and EO97070457, Final Decision and Order dated March 30, 2001.

matter. By Order dated July 8, 2004<sup>2</sup>, the Board finalized the Company's SBC, NNC, and MTC deferred cost components through the end of the transition period, July 31, 2003, and established new SBC, NNC, and MTC rates effective August 1, 2003.

By Order dated May 26, 2005<sup>3</sup>, the Board approved a stipulation in connection with ACE's 2003 base rate case ("2003 Rate Case Order"), which adjusted and combined the NNC and MTC into the Non-Utility Generation Charge ("NGC"), effective as of June 1, 2005.

## **2012 FILING**

On February 27, 2012, the Company filed a petition and accompanying exhibits, including pre-filed direct testimony ("February 2012 Petition"). The Company's NGC is currently designed to recover the above-market component of payments made under purchased power agreements ("PPAs") with non-utility generators ("NUGs"). The SBC components proposed to be revised in the February 2012 Petition are the Clean Energy Program component ("CEP") and the Uncollectible Accounts component ("UNC"). The System Control Charge ("SCC"), which became effective on or about June 1, 2004, was designed to recover operating costs associated with the Company residential appliance cycling program.

## **NGC**

With respect to the NGC, the rate proposed in the February 2012 Petition was designed to recover forecasted above-market NUG costs for the period June 1, 2012 through May 31, 2013, totaling \$80.247 million. In addition, in an effort to mitigate the impact on customer bills, the Company proposed to recover the deferred under-recovered balance of \$113.815 million beginning June 1, 2012, through a four year amortization. The projected deferred balance was based on actual data through January 31, 2012, and projected data for the period of February 2012 through May 2012. The proposed annual amortization amount would be \$28.454 million, with additional associated interest in the amount of \$0.506 million.

## **SBC (UNC AND CEP)**

According to the February 2012 Petition, the rate proposed for the UNC component of the SBC was designed to recover approximately \$14.427 million for the period June 1, 2012 through May 31, 2013. Additionally, similar to the proposed treatment of the NGC under-recovered balance, ACE proposed to recover the projected deferred under-recovered UNC balance of \$11.062 million through a four year amortization in an effort to mitigate the impact on customer bills. For the period of June 1, 2012 through May 31, 2013, the proposed annual amortization expense is

---

<sup>2</sup>In the Matter of the Petition of Atlantic City Electric Company d/b/a Conectiv Power Delivery for Approval of Amendments to its Tariff to Provide for an Increase in Rates for Electric Service, BPU Docket No. ER0208510, Final Order dated July 8, 2004.

<sup>3</sup>In the Matter of the Petition of Atlantic City Electric Company d/b/a Conectiv Power Delivery for Approval of Amendments to its Tariff to Provide for an Increase in Rates for Electric Service- Phase I and Phase II AND In the Matter of the Petition of Atlantic City Electric Company d/b/a Conectiv Power Delivery to Decrease the Level of its Net Non-Utility Generation Charge and Increase the Level of its Societal Benefits Charge AND In the Matter of the Petition of Atlantic City Electric Company for An Administrative Determination of the Value of Certain Fossil Generating Assets and In the Matter of the Petition of Atlantic City electric Company for Approval of a Service Company Agreement, BPU Docket Nos. ER03020110, ER04060423, EO03020091 and EM02090633, Order dated May 26, 2005.

\$2.765 million, with additional associated interest on the unamortized balance in the amount of \$49,238.

The rate proposed for the CEP component of the SBC was designed to recover approximately \$34.714 million for the period June 1, 2012 through May 31, 2013. ACE based its projections on the funding levels approved by the Board in its Order dated September 30, 2008 in Docket No. EO07030203 at Appendix A. The average monthly expenditures from the 2012 program expense budget year as found in the above Order were used to develop the monthly 2013 expenditures since the Board had not yet issued funding levels for 2013 at that time. In addition, based on an estimate of the CEP deferred balance through May 31, 2012, ACE anticipated a projected over-recovery of approximately \$4.151 million.

### **SCC**

In the February 2012 Petition, ACE proposed to adjust the SCC based on the projected over-recovered deferred balance, including interest, of approximately \$0.372 million on May 31, 2012, and the forecasted program expense totaling \$0.418 million for the period June 1, 2012 through May 31, 2013.

The net impact of adjusting the NGC, CEP and UNC components, and the SCC rates [including Sales and Use Tax ("SUT")] as a result of the February 2012 Petition was an overall proposed annual rate increase of approximately \$54.472 million. This amount included both the annual impact of the proposed four year amortization of the historical under-recovered balances of the NGC and the UNC components, and the going-forward cost recovery of all components for the period June 1, 2012 through May 31, 2013.

In addition, the Company proposed to monitor its NGC, SBC, and SCC balances with rates effective June 1, 2012, and file quarterly reports with Board Staff ("Staff") and the New Jersey Division of Rate Counsel ("Rate Counsel") showing the actual NGC, SBC, and SCC deferred balances and a forecast of the deferred balances on May 31, 2013.

Following notices in newspapers of general circulation in ACE's service territory, and the serving of notices upon affected municipalities and counties within its service area, two separate public hearings were conducted on May 31, 2012, one at 3:30 p.m. and the other at 5:30 p.m. in Mays Landing, New Jersey. No members of the public attended to comment on this matter.

By Order dated June 18, 2012, the Board approved a stipulation executed by the Company, Rate Counsel, and Staff (collectively, "Signatory Parties") to implement modified NGC, SBC, and SCC rates, on a provisional basis, subject to refund with interest to provide parties additional time to complete the review of the rates proposed in the February 2012 Petition ("2012 Order").

### **2013 FILING**

On March 5, 2013, ACE filed a petition and accompanying exhibits, including pre-filed direct testimony ("March 2013 Petition") seeking adjustments in its NGC, SCC and the UNC and CEP components of its SBC rate. The rates requested in this petition subsumed the rate changes requested in the February 2012 Petition.

## **NGC**

With respect to the NGC, the rate proposed in the March 2013 Petition was designed to recover forecasted above-market NUG costs for the period June 1, 2013 through May 31, 2014, totaling \$67.849 million. It would also recover a projected under-recovered balance of \$40.779 million at May 31, 2013 and an additional \$32.861 million (\$32.419 million amortization and \$0.442 million interest) associated with the deferred under-recovered balance of \$126.973 million which is being amortized over a four-year period. The total forecasted recovery sought for this period was \$141.489 million.

## **SBC (UNC AND CEP)**

According to the March 2013 Petition, the rate proposed for the UNC component of the SBC was designed to recover approximately \$14.669 million for the period June 1, 2013 through May 31, 2014. Additionally, the proposed rate would return a projected over-recovered balance of \$0.075 million at May 31, 2013 to customers. In addition, similar to the proposed treatment of the NGC under-recovered balance, ACE proposed to continue the recovery of the projected under-recovered balance over a four-year amortization period which was initiated on July 1, 2012 and would end on May 31, 2016.. As a result, an additional \$2.841 million (\$2.803 million amortization and \$0.038 million interest) is associated with the deferred under-recovered balance of \$10.978 million. The total forecasted UNC recovery during the June 2013 through May 2014 period was \$17.435 million.

In the March 2013 Petition, the rate proposed for the CEP component of the SBC was designed to recover approximately \$33.609 million for the period June 1, 2013 through May 31, 2014. ACE based its projections on the funding levels approved by the Board in its Order dated September 30, 2008 in Docket No. EO07030203 at Appendix A. The average monthly expenditures from the 2012 CEP program expense budget year as found in the above Order were used to develop the monthly 2013 expenditures. In addition, based on an estimate of the CEP deferred balance through May 31, 2013, the March 2013 Petition anticipated a projected under-recovery of approximately \$0.271 million.

## **SCC**

In the March 2013 Petition, ACE proposed to adjust the SCC based on the projected under-recovered deferred balance, including interest, of approximately \$0.027 million on May 31, 2013, and the forecasted program expense totaling \$0.412 million for the period June 1, 2013 through May 31, 2014. The total forecasted SCC recovery during the period was \$0.439 million.

The net impact of adjusting the NGC, CEP and UNC components, and the SCC rates (including SUT) for the March 2013 Petition was an overall annual rate increase of approximately \$46.267 million. This amount includes both the annual impact of the proposed four year amortization of the historical under-recovered balances of the NGC and the UNC components, and the going-forward cost recovery of all components for the period June 1, 2013 through May 31, 2014.

Following notices in newspapers of general circulation in ACE's service territory, and the serving of notices upon affected municipalities and counties within its service area, two separate public hearings were conducted on May 13, 2013, one at 3:30 p.m. and the other at 5:30 p.m. in Galloway, New Jersey. No members of the public attended to comment on this matter.

By Order dated May 29, 2013, the Board approved a stipulation executed by the Signatory Parties to implement NGC, SBC and SCC rates, on a provisional basis, subject to refund with interest to provide parties additional time to complete the review of the rates proposed in the March 2013 Petition ("2013 Order").

On June 11, 2013, these cases were transmitted to the Office of Administrative Law ("OAL") and assigned to Administrative Law Judge W. Todd Miller. After a pre-hearing conference, evidentiary hearings were set for December 4, 2013 and then re-scheduled for January 28, 2014. That date was adjourned to give the parties an opportunity to settle the matters.

### **STIPULATION**

Several rounds of discovery questions were propounded by Board Staff and Rate Counsel, and the Company has responded thereto. Following review of discovery, the Signatory Parties met to discuss the issues in this matter. As a result, on February 7, 2014, the Signatory Parties executed a stipulation settling the 2012 and 2013 proceedings ("Stipulation"). The Stipulation provides the following<sup>4</sup>:

1. The Signatory Parties have determined that, because the Company will file its 2014 petition to update the NGC, SBC, and SCC to new rates with actual revenues and expenses through January 31, 2014, which it will propose to become effective on and after June 1, 2014, Board Staff and Rate Counsel will have the opportunity to review the most current revenues and underlying costs for the NGC, SBC, and SCC for reasonableness and prudence, based upon actual data.
2. Staff and Rate Counsel continue to be concerned with the Company's projections with respect to customer derived revenues, NGC costs, and PJM revenues. ACE acknowledges that such issues will be the subject of further analysis as part of the 2014 petition. The Signatory Parties further agree that, consistent with the provision in the 2013 Order, the Company shall continue its diligent efforts to actively monitor, and, will continue to explore opportunities to renegotiate and modify the terms and conditions of its NUG contracts in order to lower costs to its customers.
3. For the reasons set forth in the Stipulation—and with the knowledge that ACE will be filing its 2014 petition on or about March 3, 2014—the Signatory Parties have agreed that the provisional NGC, SBC, and SCC rates, as authorized in the 2012 Order and the 2013 Order should now be made final. Staff and Rate Counsel each reserve the right to conduct a prudence review of the 2014 petition, once filed, including discovery and an evidentiary hearing, if necessary.
4. The Signatory Parties agree that ACE's next NGC/SBC/SCC update/reconciliation petition shall be filed with the Board (with a copy to Rate Counsel) by no later than Monday, March 3, 2014, and will have a proposed effective date of June 1, 2014.

By letter dated February 10, 2014, the Board recalled these matters from the OAL as a settlement had been reached by the parties.

### **DISCUSSION AND FINDINGS**

<sup>4</sup> Although described in this Order, should there be any conflict between this summary and the Stipulation, the term of the Stipulation control, subject to the findings and conclusions in contained in this Order.

The Board **HEREBY FINDS** that, subject to the terms and conditions set forth below, the attached Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein.

The Board **HEREBY ORDERS** that the Company's existing provisional NGC, SBC, and SCC rates remain in effect, and shall be deemed final for the period covered by the filings. The Board **HEREBY DIRECTS** the Company to file revised tariff sheets consistent with the terms of this Order within five (5) business days of the effective date of this Order.

The Company's costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any such actions deemed to be appropriate as a result of any such audit.

The effective date of this Order is March 3, 2014.

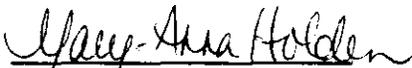
DATED: 2/19/14

BOARD OF PUBLIC UTILITIES  
BY:

  
DIANNE SOLOMON  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

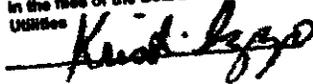
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
MARY-ANNA HOLDEN  
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 PETITION OF ATLANTIC CITY ELECTRIC COMPANY TO  
RECONCILE AND UPDATE THE LEVEL OF ITS NON-UTILITY GENERATION CHARGE  
("NGC"), ITS SOCIETAL BENEFITS CHARGE ("SBC"), AND ITS SYSTEM CONTROL  
CHARGE ("SCC") - 2012 FILING

IN THE MATTER OF THE PETITION OF ATLANTIC CITY ELECTRIC COMPANY TO  
RECONCILE AND UPDATE THE LEVEL OF ITS NON-UTILITY GENERATION CHARGE  
("NGC"), ITS SOCIETAL BENEFITS CHARGE ("SBC"), AND ITS SYSTEM CONTROL  
CHARGE ("SCC") - 2013 FILING

DOCKET NOS. ER12020173 and ER13030186

NOTIFICATION LIST

Phillip J. Passanante, Esq.  
Associate General Counsel  
ACE- 92DC42  
500 North Wakefield Drive  
Post Office Box 6066  
Newark, DE 19714-6066

Kristi Izzo, Secretary  
Office of the Secretary  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, NJ 08625-0350

Roger E. Pedersen  
Manager, NJ Regulatory Affairs  
External Issues and Compliance  
ACE- 63ML38  
5100 Harding Highway  
Mays Landing, NJ 08330

Stefanie A. Brand, Esq., Director  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003

Jerome May, Director,  
Division of Energy  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, NJ 08625-0350

Ami Morita, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003

Stacy Peterson  
Division of Energy  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, NJ 08625-0350

Diane Schulze, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003

Rosalie Serapiglia  
Division of Energy  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, NJ 08625-0350

Caroline Vachier, DAG  
Department of Law & Public Safety  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029

Jim Kane, Legal Specialist  
Counsel's Office  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, NJ 0865-0350

Babette Tenzer, DAG  
Department of Law & Public Safety  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029

Alex Moreau, DAG  
Department of Law & Public Safety  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029

David Wand, DAG  
Department of Law & Public Safety  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029

---

**IN THE MATTER OF THE PETITION OF  
ATLANTIC CITY ELECTRIC COMPANY TO  
RECONCILE AND UPDATE THE LEVEL OF  
ITS NON-UTILITY GENERATION CHARGE,  
ITS SOCIETAL BENEFITS CHARGE, AND  
ITS SYSTEM CONTROL CHARGE (2012 and  
2013)**

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES  
STIPULATION OF SETTLEMENT  
  
BPU DOCKET NOS.  
ER12020173 and ER13030186**

---

**APPEARANCES:**

Philip J. Passanante, Esquire, Associate General Counsel, for Atlantic City Electric Company

Ami Morita, Deputy Rate Counsel; and Diane Schulze, Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel (“Rate Counsel”) (Stefanie A. Brand, Director, Division of Rate Counsel)

Alex Moreau, Deputy Attorney General, and T. David Wand, Deputy Attorney General, on behalf of the Staff of the Board of Public Utilities (“Board Staff”) (John Jay Hoffman, Acting Attorney General of New Jersey)

**PROCEDURAL HISTORY**

On or about February 27, 2012, and March 5, 2013, Atlantic City Electric Company (“ACE” or the “Company”) filed Verified Petitions (the “2012 Petition” and the “2013 Petition” respectively, and collectively, the “Petitions”) with the New Jersey Board of Public Utilities (the “Board” or “BPU”) seeking the Board’s approval to reconcile and update ACE’s Non-Utility Generation Charge (“NGC”), its Societal Benefits Charge (“SBC”), and its System Control Charge (“SCC”). The matters were docketed as BPU Docket Nos. ER12020173 and ER13030186, respectively. The Staff of the Board (“Staff”) and the Division of Rate Counsel (“Rate Counsel”) were each a party in each docket, and no other parties intervened. The Company, Board Staff, and Rate Counsel are jointly referred to herein as the “Parties” or the “Signatory Parties.”

ACE's NGC provides for recovery of the above-market portion of payments made under the Company's Non-Utility Generation ("NUG") contracts. ACE's SBC was established to recover costs related to: the Universal Service Fund and Lifeline social programs; Clean Energy Programs ("CEP"); uncollectible accounts; and consumer education. The SCC was designed to recover operating costs associated with the Company's Residential Appliance Cycling Program.

The purpose of the Company's Petitions was to reconcile and reset for each of the respective annual periods the NGC and two components of the SBC: (i) the CEP component and (ii) the "Uncollectible Accounts" component for each of the respective annual periods for the NGC and SBC. The Petitions also proposed to reconcile and update the applicable SCC based upon the projected over-recovered deferred balance on May 31, 2012 and 2013, and the projected program expenses for the periods June 1, 2012 through May 31, 2013, and June 1, 2013 through May 31, 2014, respectively. As filed, the revised rates as proposed in the 2013 Petition subsumed the proposed rate changes proposed in the 2012 Petition. As proposed in the 2013 Petition, the rate changes were intended to become effective on or by June 1, 2013. Once approved and implemented, ACE anticipated that the revised rates would remain in effect for the succeeding 12 month period (or such other effective period as the Board should order) and subject to an annual true-up and change each year thereafter.

Subsequent to its initial filing in connection with the 2013 Petition, ACE updated its proposed adjustments to the NGC, the CEP, and Uncollectible Accounts components of the SBC, as well as the SCC, based on projected deferred balances as of May 31, 2013, and projected expenses for the period of June 1, 2013 through May 31, 2014. The projected deferred balances included actual costs and revenues through March 31, 2013.

Public hearings were conducted with respect to the 2012 Petition (on May 31, 2012) and the 2013 Petition (on May 13, 2013): one at 3:30 P.M. and a second at 5:30 P.M on each day. The hearings were held at the Mays Landing Branch and the Galloway Township Branch of the Atlantic County Library System, respectively, where members of the public were invited to comment on the filing. None did.

Board Staff and Rate Counsel conducted discovery and the Parties participated in discussions regarding the 2012 Petition and the 2013 Petition. Subsequently, with respect to both the 2012 Petition and the 2013 Petition, the Parties entered into Stipulations on June 11, 2012 with respect to the 2012 Petition, and on May 24, 2013 with respect to the 2013 Petition. Each Stipulation was intended to implement new “provisional” rates for the NGC, SBC, and SCC, which would be subject to refund pending the final outcome of further proceedings before the Board. By Orders dated June 18, 2012 (the “2012 Order”) and May 29, 2013 (the “2013 Order”), respectively, the Board approved the aforementioned Stipulations, placing the proposed rates into effect on a provisional basis. Attached hereto as **Attachment A** are copies of the aforementioned Stipulations, as well as the 2012 Order and 2013 Order.

Shortly after the issuance of the 2013 Order and consistent with the Stipulations, the Board transmitted the 2012 Petition and the 2013 Petition to the Office of Administrative Law (“OAL”) for further proceedings. The OAL assigned Administrative Law Judge (“ALJ”) W. Todd Miller to preside over these matters. A prehearing conference was held by ALJ Miller on July 22, 2013. In addition, the Parties engaged in additional discovery and held conferences with respect to these matters. An initial adjudicatory hearing was scheduled by ALJ Miller for December 4, 2013, which hearing date, with the consent of the Parties, was adjourned and re-scheduled for January 28, 2014, which was subsequently adjourned. Following several formal

and informal discussions, the Signatory Parties agreed to enter into this Stipulation of Settlement (the “Stipulation”), and therefore STIPULATE AND AGREE as follows:

1. The Signatory Parties have determined that, because the Company will file its 2014 Petition to update the NGC, SBC, and SCC to new rates with actual revenues and expenses through January 31, 2014, which it will propose to become effective on and after June 1, 2014, Staff and Rate Counsel will have the opportunity to review the most current revenues and underlying costs for the NGC, SBC, and SCC for reasonableness and prudence, based upon additional actual data.

2. Staff and Rate Counsel continue to be concerned with the Company’s projections with respect to customer derived revenues, NGC costs, and PJM revenues. ACE acknowledges that such issues will be the subject of further analysis as part of the 2014 Petition. The Parties further agree that, consistent with the provision in the 2013 Order, the Company shall continue its diligent efforts to actively monitor, and will continue to explore opportunities to renegotiate and modify the terms and conditions of its NUG contracts in order to lower costs to its customers.

3. For the reasons set forth herein -- and with the knowledge that ACE will be filing its 2014 Petition on or about March 3, 2014 -- the Signatory Parties have agreed that the provisional NGC, SBC, and SCC rates, as authorized by the Board in the 2012 Order and the 2013 Order should now be made final and that the resulting rates are reasonable. Staff and Rate Counsel each reserve the right to conduct a prudence review of the 2014 Petition, once filed, including discovery and an evidentiary hearing, if necessary.

4. The Signatory Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order or upon such date after the service thereof as the Board may specify in accordance with N.J.S.A. 48:2-40.

5. The Company shall, within five (5) business days following receipt of a Board Order approving this Stipulation, file with the Board's Secretary amended tariff sheets reflecting that the current "provisional" rates for the NGC, SBC, and SCC have been made final.

6. The Signatory Parties agree that ACE's next NGC/SBC/SCC update/reconciliation petition shall be filed with the Board (with a copy to be provided to Rate Counsel) by no later than Monday, March 3, 2014, and will have a proposed effective date of June 1, 2014.

7. The Signatory Parties agree that this Stipulation is a negotiated agreement and represents a reasonable balance of the competing interests involved in this proceeding. The contents of this Stipulation shall not in any way be considered, cited or used by any of the Signatory Parties as an indication of any Party's position on any related or other issue litigated in any other proceeding or forum, except to enforce the terms of this Stipulation. Notwithstanding anything to the contrary set forth herein, upon the occurrence of any of the following, this Stipulation shall terminate:

- (a) if the Board issues a decision disapproving the Stipulation; or
- (b) if the Board issues a written order approving this Stipulation subject to any condition or modification of the terms set forth herein that an adversely affected Signatory Party, in its discretion, finds unacceptable, then such Signatory Party shall serve notice of unacceptability on the other Signatory Parties within seven business days following receipt of such

Board Order. Absent such notification, the Signatory Parties shall be deemed to have waived their respective rights to object to or appeal the acceptability of such conditions or modifications contained in the Board Order, which shall thereupon become binding on all Signatory Parties.

8. This Stipulation may be executed in any number of counterparts, each of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Signatory Parties.

### **CONCLUSION**

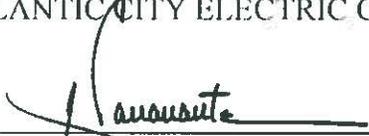
**WHEREFORE**, for the reasons set forth above, the Signatory Parties to this Stipulation respectfully request that the Board approve and adopt this Stipulation in its entirety and issue an

Order adopting this Stipulation in this proceeding and determining that each of the issues outlined in the above-captioned proceeding have been adequately and appropriately resolved.

Respectfully submitted,

ATLANTIC CITY ELECTRIC COMPANY

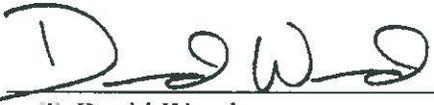
Dated: February 4, 2014

By:   
Philip J. Passanante  
An Attorney at Law of the  
State of New Jersey

Associate General Counsel  
500 North Wakefield Drive, 92DC42  
P.O. Box 6066  
Newark, DE 19714-6066  
(302) 429-3105 - Telephone  
(302) 429-3801 - Facsimile  
philip.passanante@pepcoholdings.com

JOHN JAY HOFFMAN  
ACTING ATTORNEY GENERAL OF NEW  
JERSEY  
Attorney for the Staff of the  
New Jersey Board of Public Utilities

Dated: February 7, 2014

By:   
I. David Wand  
Deputy Attorney General

DIVISION OF RATE COUNSEL  
Stefanie A. Brand  
Director

Dated:

By:   
~~Diane Schulze~~ AMI MORITA  
Assistant Deputy Rate Counsel

# Attachment A

Agenda Date: 06/18/12  
Agenda Item: LSA



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 S. Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, NJ 08625-0350  
[www.nj.gov/bpu](http://www.nj.gov/bpu)

ENERGY

IN THE MATTER OF THE PETITION OF )  
ATLANTIC CITY ELECTRIC COMPANY TO ) ORDER ON PROVISIONAL  
RECONCILE AND UPDATE THE LEVEL OF ITS ) RATES  
NON-UTILITY GENERATION CHARGE ("NGC"), )  
ITS SOCIETAL BENEFITS CHARGE ("SBC") )  
AND ITS SYSTEMS CONTROL CHARGE ("SCC") ) BPU DOCKET NO. ER12020173

**Philip Passanante**, Attorney for the Petitioner, Atlantic City Electric Company  
**Stefanie A. Brand**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On February 27, 2012, Atlantic City Electric Company ("ACE" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") requesting approval for changes in its Non-Utility Generation Charge ("NGC"), its Societal Benefits Charge ("SBC") and its System Control Charge ("SCC"). By this Decision and Order, the Board considers a Stipulation for Provisional Rates ("Stipulation") entered into by ACE, the New Jersey Division of Rate Counsel ("Rate Counsel"), and Board Staff ("Staff") (collectively, the "Signatory Parties"), requesting that the Board approve increases in the NGC, SBC, and SCC on a provisional basis, subject to refund.

**BACKGROUND**

As a result of the Board's Final Decision and Order issued in Docket Nos. EO97070455, EO97070456, and EO97090457 ("Restructuring Order")<sup>1</sup>, the Company implemented unbundled rates that included a Market Transition Charge ("MTC"), a Net Non-Utility Generation Charge ("NNC"), and the SBC as rates components. The Restructuring Order also established the components of the SBC and the associated cost recovery mechanisms.

Pursuant to the Restructuring Order, and to the extent that expenditures for these initiatives exceeded the amount of their cost recovery, the expenditures were subject to deferred accounting treatment for future recovery at the close of the transition period. The Board further directed ACE to make a filing, no later than August 1, 2002, so the Board could consider the

<sup>1</sup>I/M/O ACE- Rate Unbundling, Stranded Costs and Restructuring Filings, BPU Docket Nos. EO97070455, EO97070456 and EO97070457, Final Decision and Order dated March 30, 2001.

matter. By Order dated July 8, 2004<sup>2</sup>, the Board finalized the Company's SBC, NNC, and MTC deferred cost components through the end of the transition period, July 31, 2003, and established new SBC, NNC and MTC rates effective August 1, 2003.

By Order dated May 26, 2005<sup>3</sup>, the Board approved a stipulation in connection with ACE's 2003 base rate case ("2003 Rate Case Order"), which adjusted and combined the NNC and MTC into the NGC, effective as of June 1, 2005.

## **COMPANY FILING**

On February 27, 2012, the Company filed the instant petition and accompanying exhibits, including pre-filed direct testimony of Amir F. Mohseni ("February 2012 Petition"). The Company's NGC is currently designed to recover the above-market component of payments made under purchased power agreements ("PPAs") with non-utility generators ("NUGs"). The SBC components proposed to be revised in the instant petition are the Clean Energy Program component ("CEP") and the Uncollectible Accounts component ("UNC"). The SCC, which became effective on or about June 1, 2004, was designed to recover operating costs associated with the Company's residential appliance cycling program.

## **NGC**

With respect to the NGC, the rate proposed in the February 2012 Petition was designed to recover forecasted above-market NUG costs for the period June 1, 2012 through May 31, 2013, totaling \$80.247 million. In addition, in an effort to mitigate the impact on customer bills, the Company proposed to recover the deferred under-recovered balance of \$113.815 million beginning June 1, 2012, through a four year amortization. The projected deferred balance was based on actual data through January 31, 2012, and projected data for the period of February 2012 through May 2012. If approved, the proposed annual amortization amount would be \$28.454 million, with additional associated interest in the amount of \$506,594.

## **SBC (UNC AND CEP)**

According to the February 2012 Petition, the rates proposed for the UNC component of the SBC were designed to recover approximately \$14.427 million for the period June 1, 2012 through May 31, 2013. Additionally, similar to the proposed treatment of the NGC under-recovered balance, ACE proposed to recover the projected deferred under-recovered UNC balance of \$11.062 million through a four year amortization in an effort to mitigate the impact on customer bills. For the period of June 1, 2012 through May 31, 2013, the proposed annual amortization expense is \$2.765 million, with additional associated interest on the unamortized balance in the amount of \$49,238.

---

<sup>2</sup> I/M/O the Petition of Atlantic City Electric Company d/b/a Conectiv Power Delivery for Approval of Amendments to its Tariff to Provide for an Increase in Rates for Electric Service, BPU Docket No. ER0208510, Final Order dated July 8, 2004.

<sup>3</sup> I/M/O the Petition of Atlantic City Electric Company d/b/a Conectiv Power Delivery for Approval of Amendments to its Tariff to Provide for an Increase in Rates for Electric Service- Phase I and Phase II AND I/M/O the Petition of Atlantic City Electric Company d/b/a Conectiv Power Delivery to Decrease the Level of its Net Non-Utility Generation Charge and Increase the Level of its Societal Benefits Charge AND I/M/O the Petition of Atlantic City Electric Company for An Administrative Determination of the Value of Certain Fossil Generating Assets AND I/M/O the Petition of Atlantic City electric Company for Approval of a Service Company Agreement, BPU Docket Nos. ER03020110, ER04060423, EO03020091, and EM02090633, Order dated May 26, 2005.

The rates proposed for the CEP component of the SBC were designed to recover approximately \$34.714 million for the period June 1, 2012 through May 31, 2013. ACE has based its projections on the funding levels approved by the Board in its Order dated September 30, 2008 in Docket No. EO07030203 at Appendix A. The average monthly expenditures from the 2012 program expense budget year as found in the above Order were used to develop the monthly 2013 expenditures since the Board has not yet issued funding levels for 2013. In addition, based on an estimate of the CEP deferred balance through May 31, 2012, ACE anticipates a projected over-recovery of approximately \$4.151 million.

## **SCC**

In the February 2012 Petition, ACE proposed to adjust the SCC based on the projected over-recovered deferred balance, including interest, of approximately \$371,395 on May 31, 2012, and the forecasted program expense totaling \$418,380 for the period June 1, 2012 through May 31, 2013.

If approved, the net impact of adjusting the NGC, CEP and UNC components, and the SCC rates (including Sales and Use Tax ("SUT")) would be an overall annual rate increase of approximately \$54.472 million. This amount includes both the annual impact of the proposed four year amortization of the historical under-recovered balances of the NGC and the UNC components, and the going-forward cost recovery of all components for the period June 1, 2012 through May 31, 2013.

In addition, the Company proposed to monitor its NGC, SBC, and SCC balances with rates effective June 1, 2012, and file quarterly reports with Staff and Rate Counsel showing the actual NGC, SBC and SCC deferred balances and a forecast of the deferred balances on May 31, 2013. According to the petition, to the extent that the forecast shows an under- or over-recovered deferred balance of more than \$30 million at the end of the period (May 31, 2013), excluding the amount which is included in the proposed amortization, the Company will file a petition to update the NGC, SBC and SCC with an effective date of the first day of the next quarter.

Following notices in newspapers of general circulation in ACE's service territory, and the serving of notices upon affected municipalities and counties within its service area, two separate public hearings were conducted on May 31, 2012, one at 3:30 p.m. and the other at 5:30 p.m. in Mays Landing, NJ. Two members of the public attended but did not comment on this matter.

## **STIPULATION**

Because the Company's filing will not be updated with actual revenues and expenses until after July 1, 2012, and additional time is needed to complete the review of the proposed rates to ensure that the costs are adequately explained, reconciled and addressed, and the rates are reasonable, on June 12, 2012, the Signatory Parties entered into a Stipulation for provisional rates for the NGC, SBC, and SCC.

The Stipulation provides for the following<sup>4</sup>:

---

<sup>4</sup> Although described in this Order, should there be any conflict between this summary and the stipulation, the terms of the stipulation control, subject to the findings and conclusions contained in this Order.

1. The Signatory Parties have determined that, because the Company's filing will not be updated with actual revenues and expenses until after July 1, 2012, additional time is needed to complete the review of the proposed rates and underlying costs for reasonableness and prudence. However, the Signatory Parties have agreed that the implementation of provisional NGC, SBC, and SCC rates, subject to refund with interest, is reasonable at this time. Final rates to replace the interim rates agreed upon in the Stipulation will be determined after July 1, 2012.
2. The Signatory Parties stipulate and agree that the Company's filing in this proceeding indicates a projected under-recovered NGC balance (as updated based on the actual balance through April 30, 2012 and estimated for the months of May 2012 to June 2012) of \$126.973 million. The Signatory Parties stipulate and agree that this balance will be recovered over a 47 month period beginning July 1, 2012. For the purpose of the Stipulation, interest on the unrecovered balance will be calculated on a monthly basis using the Company's then current short-term debt rate. A final determination regarding the appropriateness of collecting interest, and, if interest is recoverable, the appropriate interest rate and methodology, will be determined when final rates are set. For the period of July 1, 2012 through May 31, 2013, the total amount to be recovered will be approximately \$30.277 million. The Signatory Parties stipulate and agree that the Company's updated filing in this proceeding indicates forecasted above-market NUG costs of \$73.760 million for the period July 1, 2012 through May 31, 2013, resulting in a total of \$104.037 million to be recovered through the NGC. Accordingly, the Company will implement a residential NGC rate of (\$0.007492) for the period July 1, 2012 through September 30, 2012, and a residential NGC rate of \$0.023333 for the period October 1, 2012 through May 31, 2013.
3. The Signatory Parties stipulate and agree that the Company's filing in this proceeding indicates a projected under-recovered SBC balance (as updated based on the actual balance through April 30, 2012 and estimated for the months of May 2012 to June 2012) of \$9.316 million. This balance is inclusive of a \$10.978 million Uncollectible Account deferral under-recovery; and a \$1.662 million over-recovery in CEP collections. The Signatory Parties stipulate and agree that the Uncollectible balance will be recovered over a 47 month period beginning July 1, 2012. For the purpose of the Stipulation, interest on the unrecovered balance will be calculated on a monthly basis using the Company's then current short-term debt rate. A final determination regarding the appropriateness of collecting interest, and, if interest is recoverable, the appropriate interest rate and methodology will be determined when final rates are set. For the period of July 1, 2012 through May 31, 2013, the total amount to be recovered will be approximately \$2.618 million. The Signatory Parties stipulate and agree that the Company's updated filing in this proceeding indicates forecasted net SBC costs of \$44.387 million, consisting of \$31.956 million of Clean Energy Program costs and \$12.431 million of Uncollectible Account costs, for the period July 1, 2012 through May 31, 2013. For the period of July 1, 2012 through May 31, 2013, the Signatory Parties therefore agree that a total of \$45.342 million (\$2.618 million under-recovery in Uncollectibles, plus \$44.387 million of forecasted SBC costs, less a \$1.662 million CEP over-recovery) is to be recovered through the SBC. Accordingly, the Company will implement a rate

CEP rate of \$0.003523 per kWh and a UNC rate of \$0.001750 per kWh. This represents an increase of \$0.002884 per kWh to the SBC rate.

4. The Signatory Parties stipulate and agree that the Company's updated filing in this proceeding indicates a projected over-recovered SCC balance (as updated based on the actual balance through April 30, 2012 and estimated for the months of May 2012 to June 2012) of \$327,969. The Signatory Parties stipulate and agree that the Company's updated filing in this proceeding indicates forecasted net SCC costs of \$411,831 for the period July 1, 2012 through May 31, 2013 resulting in a total of \$83,862 to be recovered through the SCC. Accordingly, the Company will implement an SCC rate of \$0.000010 per kWh. This represents an increase of \$0.000082 to the SCC rate.
5. The overall annual average monthly bill impact of the combined proposed NGC, SBC, and SCC rate changes for a residential customer using 1,000 kWh per month, results in an increase of \$6.86 or 4.03 percent.
7. The Signatory Parties further stipulate and agree to the establishment of NGC, SBC and SCC rates designed for recovery from the Effective Date through May 31, 2013, as delineated in the Stipulation Schedules attached to the Stipulation. The rates will be designed to reconcile the deferred balances and recover forecasted costs noted in paragraphs 1 through 3 of the Stipulation. As shown in Schedule 5 of the Stipulation, the impact of the proposed rate changes for the period July 1, 2012 to May 31, 2013 including SUT is an estimated annual increase of \$27.889 million related to the NGC component; an estimated annual increase of \$25.577 million related to the CEP component; an estimated annual increase of \$1.091 million related to the Uncollectable Accounts component; and an estimated annual increase of \$0.758 million related to the related to the SCC Component. Consequently, the overall impact of the proposed rate changes is an estimated annual increase of \$55.315 million (including SUT) for all components.
8. The Signatory Parties agree that the Company's next NGC/SBC/SCC update/reconciliation petition shall be filed with the Board (with a copy to be provided to Rate Counsel) at least 90 days prior to the proposed effective date of June 1, 2013, and that the resulting rates shall be interim and subject to refund or credit as part of the reconciliation process. The Signatory Parties further agree that ACE will file quarterly reports with Board Staff and Rate Counsel, showing the actual NGC, SBC and SCC deferred balances. The reports will also include a forecast of the deferred balance on May 31, 2013. To the extent that the forecast shows an under- or over-recovered deferred balance of more than \$50 million at the end of the period, excluding the unamortized balances of the NGC and UNC components which are being amortized over 47 months effective July 1, 2012, the Signatory Parties agree that the Company will file a petition to update the NGC, SBC and SCC with an effective date prior to June 1, 2013. The Signatory Parties agree that the first such quarterly report shall be due thirty (30) days after the close of the calendar quarter following the approval of the Stipulation by the Board. The first such report shall be due by close-of-business on October 31, 2012 for the quarter ending September 30, 2012.

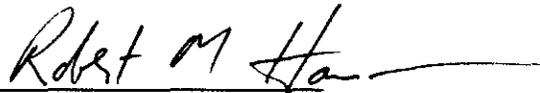
**DISCUSSION AND FINDING**

The Board has carefully reviewed the record to date in this proceeding and the attached Stipulation of the Parties. The Board **FINDS** that, subject to the terms and conditions set forth below, the Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein. The Board **HEREBY APPROVES**, on a provisional basis, subject to refund with interest on any net over-recovered balance, an increase of the CEP component of the SBC to \$0.003523 per kWh including SUT, an increase in the UNC component of the SBC to \$0.001750 per kWh including SUT, and an increase in the SCC component to \$0.000010. In addition, as a reasonable means of mitigating the bill impact in light of changes to the Basic Generation Service rates, the Board **HEREBY APPROVES**, on a provisional basis, a decrease in the summer NGC charge to a credit of \$0.007492 for the period July 1, 2012 to September 30, 2012, and an increase in the winter NGC rate to \$0.023333 for the period October 1, 2012 through May 31, 2013. As a result of these changes, the overall annual average monthly bill impact for a typical residential customer using 1,000 kWh per month will be an increase of \$6.86 or 4.03%. This change shall become effective as of July 1, 2012.

The Board **HEREBY ORDERS** ACE to file revised tariff sheets conforming to the terms of the Stipulation within five (5) days of service of this Board Order.

DATED: 6/18/12

BOARD OF PUBLIC UTILITIES  
BY:



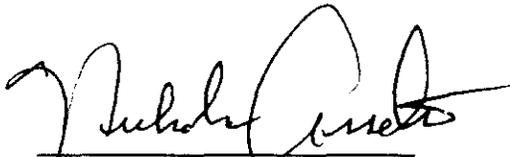
ROBERT M. HANNA  
PRESIDENT



JEANNE M. FOX  
COMMISSIONER



JOSEPH L. FIORDALISO  
COMMISSIONER



NICHOLAS ASSELTA  
COMMISSIONER



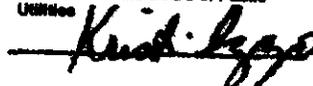
MARY-ANNA HOLDEN  
COMMISSIONER

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 Petition of Atlantic City Electric Company to Reconcile and Update the Level of its Non-Utility Generation Charge ("NGC"), its Societal Benefits Charge ("SBC") and its Systems Control Charge ("SCC")  
BPU Docket No. ER12020173

NOTIFICATION LIST

<b>BOARD OF PUBLIC UTILITIES</b>		
Jerome May Board of Public Utilities 44 S. Clinton Avenue, 9 <sup>th</sup> Floor P.O. Box 350 Trenton, NJ 08625-0350	Stacy Peterson Board of Public Utilities 44 S. Clinton Avenue, 9 <sup>th</sup> Floor P.O. Box 350 Trenton, NJ 08625-0350	Kristi Izzo, Secretary Board of Public Utilities 44 S. Clinton Avenue, 9 <sup>th</sup> Floor P.O. Box 350 Trenton, NJ 08625-0350
<b>DIVISION OF RATE COUNSEL</b>		
Stefanie A. Brand, Esq. Division of Rate Counsel 31 Clinton Street, 11 <sup>th</sup> Floor P.O. Box 46005 Newark, NJ 07101	Paul Flanagan, Esq. Division of Rate Counsel 31 Clinton Street, 11 <sup>th</sup> Floor P.O. Box 46005 Newark, NJ 07101	Ami Morita, Esq. Division of Rate Counsel 31 Clinton Street, 11 <sup>th</sup> Floor P.O. Box 46005 Newark, NJ 07101
Diane Schulze, Esq. Division of Rate Counsel 31 Clinton Street, 11 <sup>th</sup> Floor P.O. Box 46005 Newark, NJ 07101		
<b>DEPARTMENT OF LAW &amp; PUBLIC SAFETY</b>		
Caroline Vachier, DAG Division of Law 124 Halsey Street, 5 <sup>th</sup> Floor P.O. Box 45029 Newark, NJ 07101	Babette Tenzer, DAG Division of Law 124 Halsey Street, 5 <sup>th</sup> Floor P.O. Box 45029 Newark, NJ 07101	Alex Moreau, DAG Division of Law 124 Halsey Street, 5 <sup>th</sup> Floor P.O. Box 45029 Newark, NJ 07101
David Wand, DAG Division of Law 124 Halsey Street, 5 <sup>th</sup> Floor P.O. Box 45029 Newark, NJ 07101		
<b>ACE</b>		
Philip J. Passanante, Esq. Associate General Counsel ACE- 92DC42 500 North Wakefield Drive P.O. Box 6066 Newark, DE 19714-6066	Roger E. Pedersen Manager, NJ Regulatory Affairs, External Issues and Compliance ACE- 63ML38 5100 Harding Highway Mays Landing, NJ 08330	Amir F. Mohseni Regulatory Affairs Lead 79NC59 Atlantic City Electric Company 401 Eagle Run Road Newark, DE 19702

---

**IN THE MATTER OF THE PETITION OF  
ATLANTIC CITY ELECTRIC COMPANY TO  
RECONCILE AND UPDATE THE LEVEL OF  
ITS NON-UTILITY GENERATION CHARGE,  
ITS SOCIETAL BENEFITS CHARGE AND  
ITS SYSTEM CONTROL CHARGE**

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES  
STIPULATION FOR PROVISIONAL  
RATES  
BPU DOCKET NO.  
ER12020173**

---

**APPEARANCES:**

Philip J. Passanante, Esquire, Associate General Counsel, for Atlantic City Electric Company

Ami Morita, Deputy Rate Counsel, and Diane Schulze, Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel ("Rate Counsel") (Stefanie A. Brand, Director, Division of Rate Counsel)

Alex Moreau, Deputy Attorney General, and T. David Wand, Deputy Attorney General, on behalf of the Staff of the Board of Public Utilities ("Board Staff") (Jeffrey S. Chiesa, Attorney General of New Jersey)

**PROCEDURAL HISTORY**

On February 27, 2012, Atlantic City Electric Company ("ACE" or the "Company") filed a Petition (the "Petition") with the New Jersey Board of Public Utilities (the "Board" or "BPU") seeking the Board's approval to reconcile and update ACE's Non-Utility Generation Charge ("NGC"), its Societal Benefits Charge ("SBC") and its System Control Charge ("SCC"). The matter was docketed as BPU Docket No. ER12020173.

ACE's NGC provides for recovery of the above-market portion of payments made under the Company's Non-Utility Generation ("NUG") contracts. ACE's SBC was established to recover costs related to: the Universal Service Fund and Lifeline social programs; Clean Energy Programs ("CEP"); uncollectible accounts; and consumer education. The SCC was designed to recover operating costs associated with the Company's Residential Appliance Cycling Program.

The purpose of the Company's Petition was to reconcile and reset the NGC and two components of the SBC: (i) the CEP component and (ii) the "Uncollectable Accounts" component. The Company's filing also proposed to reconcile and update the SCC based upon the projected over-recovered deferred balance on May 31, 2012 and the projected program expense for the period June 1, 2012 through May 31, 2013. As proposed, all rate changes were intended to become effective on or by June 1, 2012. Once approved and implemented, the Company anticipated that the revised rates would remain in effect for the succeeding twelve (12) month period (or such other effective period as the Board shall order) and subject to an annual true-up and change each year thereafter.

Since the Company made its initial filing in connection with the instant proceeding, ACE provided a modified proposal that included a seasonal residential NGC rate, which would be effective for the period of July 1, 2012 through May 31, 2013. The non-residential NGC rates have been modified to reflect an effective date of July 1, 2012 with actuals updated through April 2012. In addition, the Company has updated its proposed adjustments to the CEP and Uncollectible Accounts components of the SBC, as well as the SCC, based on projected deferred balances as of June 30, 2012, and projected expenses for the period of July 1, 2012 through May 31, 2013. The projected deferred balances include actuals through April 30, 2012.

Two separate Public Hearings were conducted on May 31, 2012: one at 3:30 p.m. and the other at 5:30 p.m. The hearings were held at the Mays Landing Branch of the Atlantic County Library System, 40 Farragut Avenue, Mays Landing, New Jersey 08030. Two members of the public attended, but did not offer comments with respect to the instant proceeding.

Representatives from the Company, Board Staff, and the Division of Rate Counsel (jointly referred to herein as the "Signatory Parties") have conducted discovery and have

participated in a number of meetings and discussions. As a result of those meetings and related discussions, the Signatory Parties to this Stipulation STIPULATE AND AGREE as follows:

1. The Signatory Parties have determined that, because the Company's filing will not be updated with actual revenues and expenses until after July 1, 2012, additional time is needed to complete the review of the proposed rates and underlying costs for reasonableness and prudence. However, the Signatory Parties have agreed that the implementation of provisional NGC, SBC and SCC rates, subject to refund with interest, is reasonable at this time. Final rates to replace the interim rates agreed upon in this stipulation will be determined after July 1, 2012.

2. The Signatory Parties stipulate and agree that the Company's filing in this proceeding indicates a projected under-recovered NGC balance (as updated based on the actual balance through April 30, 2012 and estimated for the months of May 2012 to June 2012) of \$126.973 million. (**Settlement Schedule 1**, page 2 of 4.) The Signatory Parties stipulate and agree that this balance will be recovered over a 47 month period beginning July 1, 2012. For the purpose of this stipulation, interest on the unrecovered balance will be calculated on a monthly basis using the Company's then current short-term debt rate. A final determination regarding the appropriateness of collecting interest, and, if interest is recoverable, the appropriate interest rate and methodology will be determined when final rates are set. For the period of July 1, 2012 through May 31, 2013, the total amount to be recovered will be approximately \$30.277 million. The Signatory Parties stipulate and agree that the Company's updated filing in this proceeding indicates forecasted above-market NUG costs of \$73.760 million for the period July 1, 2012 through May 31, 2013, resulting in a total of \$104.037 million to be recovered through the NGC. (**Settlement Schedule 1**, page 1 of 4.) Accordingly, the Company will implement a residential NGC rate of (\$0.007492) for the period July 1, 2012 through September 30, 2012, and a

residential NGC rate of \$0.023333 for the period October 1, 2012 through May 31, 2013.  
(**Settlement Schedule 1**, page 4 of 4)

3. The Signatory Parties stipulate and agree that the Company's filing in this proceeding indicates a projected under-recovered SBC balance (as updated based on the actual balance through April 30, 2012 and estimated for the months of May 2012 to June 2012) of \$9.316 million. This balance is inclusive of a \$10.978 million Uncollectible Account deferral under-recovery (**Settlement Schedule 3**, page 2 of 4); and a \$1.662 million over-recovery in CEP collections (**Settlement Schedule 2**, page 2 of 2). The Signatory Parties stipulate and agree that the Uncollectible balance will be recovered over a 47 month period beginning July 1, 2012. For the purpose of this stipulation, interest on the unrecovered balance will be calculated on a monthly basis using the Company's then current short-term debt rate. A final determination regarding the appropriateness of collecting interest, and, if interest is recoverable, the appropriate interest rate and methodology will be determined when final rates are set. For the period of July 1, 2012 through May 31, 2013, the total amount to be recovered will be approximately \$2.618 million. The Signatory Parties stipulate and agree that the Company's updated filing in this proceeding indicates forecasted net SBC costs of \$44.387 million, consisting of \$31.956 million of Clean Energy Program costs (**Settlement Schedule 2**, page 1 of 2) and \$12.431 million of Uncollectible Account costs (**Settlement Schedule 3**, page 4 of 4), for the period July 1, 2012 through May 31, 2013. For the period of July 1, 2012 through May 31, 2013, the Signatory Parties therefore agree that a total of \$45.342 million (\$2.618 million under-recovery in Uncollectibles, plus \$44.387 million of forecasted SBC costs, less a \$1.662 million CEP over-recovery) is to be recovered through the SBC. Accordingly, the Company will implement a CEP

rate of \$0.003523 per kWh and a UNC rate of \$0.001750 per kWh. This represents an increase of \$0.002884 per kWh to the SBC rate (**Settlement Schedule 5**).

4. The Signatory Parties stipulate and agree that the Company's updated filing in this proceeding indicates a projected over-recovered SCC balance (as updated based on the actual balance through April 30, 2012 and estimated for the months of May 2012 to June 2012) of \$327,969. (**Settlement Schedule 4**, page 2 of 2.) The Signatory Parties stipulate and agree that the Company's updated filing in this proceeding indicates forecasted net SCC costs of \$411,831 for the period July 1, 2012 through May 31, 2013 resulting in a total of \$83,862 to be recovered through the SCC (**Settlement Schedule 4**, page 1 of 2). Accordingly, the Company will implement an SCC rate of \$0.000010 per kWh. This represents an increase of \$0.000082 to the SCC rate (**Settlement Schedule 5**).

5. The overall annual average monthly bill impact of the combined proposed NGC, SBC, and SCC rate changes for a residential customer using 1,000 kWh per month, result in an increase of \$6.86 or 4.03 percent.

6. The Signatory Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

7. The Signatory Parties further stipulate and agree to the establishment of NGC, SBC and SCC rates designed for recovery from the Effective Date through May 31, 2013, as delineated in the Settlement Schedules attached to this Stipulation. The rates will be designed to reconcile the deferred balances and recover forecasted costs noted in paragraphs 1 through 3 of this Stipulation. See **Settlement Schedule 6** for the proposed Tariff pages incorporating the new rates. As shown in **Settlement Schedule 5**, the impact of the proposed rate changes for the

period July 1, 2012 to May 31, 2013 including Sales and Use Tax is an estimated annual increase of \$27.889 million related to the NGC component; an estimated annual increase of \$25.577 million related to the CEP component; an estimated annual increase of \$1.091 million related to the Uncollectable Accounts component; and an estimated annual increase of \$0.758 million related to the related to the SCC Component. Consequently, the overall impact of the proposed rate changes is an estimated annual increase of \$55.315 million (including Sales and Use Tax) for all components.

8. The Signatory Parties agree that the Company's next NGC/SBC/SCC update/reconciliation petition shall be filed with the Board (with a copy to be provided to Rate Counsel) at least 90 days prior to the proposed effective date of June 1, 2013. The Signatory Parties further agree that ACE will file quarterly reports with Board Staff and Rate Counsel, showing the actual NGC, SBC and SCC deferred balances. The reports will also include a forecast of the deferred balance on May 31, 2013. To the extent that the forecast shows an under- or over-recovered deferred balance of more than \$50 million at the end of the period, excluding the unamortized balances of the NGC and UNC components which are being amortized over 47 months effective July 1, 2012, the Signatory Parties agree that the Company will file a petition to update the NGC, SBC and SCC with an effective date prior to June 1, 2013. The Signatory Parties agree that the first such quarterly report shall be due thirty (30) days after the close of the calendar quarter following the approval of this Stipulation by the Board. The first such report shall be due by close-of-business on October 31, 2012 for the quarter ending September 30, 2012.

9. It is a condition of this Stipulation that the Board issue an Order approving the provisional rates agreed upon in this Stipulation on an interim basis without change or further

conditions. Should the Board fail to issue such an Order, then this Stipulation shall be deemed null and void and of no force and effect. In the event this condition is not satisfied for any reason, then neither the existence of this Stipulation nor its provisions shall be disclosed or utilized by any Signatory Party or person for any purpose whatsoever, including in this or any other proceeding. The Signatory Parties agree that this Stipulation is a negotiated agreement and represents a reasonable balance of the competing interests involved in this proceeding. The contents of this Stipulation shall not in any way be considered, cited or used by any of the undersigned Signatory Parties as an indication of any Party's position on any related or other issue litigated in any other proceeding or forum, except to enforce the terms of this Stipulation. Notwithstanding anything to the contrary set forth herein, upon the occurrence of any of the following, this Stipulation shall terminate:

- (a) if the Board issues a decision disapproving the Stipulation; or
- (b) if the Board issues a written order approving this Stipulation subject to any condition or modification of the terms set forth herein that an adversely affected Signatory Party, in its discretion, finds unacceptable, then such Signatory Party shall serve notice of unacceptability on the other Signatory Parties within seven (7) business days following receipt of such Board Order. Absent such notification, the Signatory Parties shall be deemed to have waived their respective rights to object to or appeal the acceptability of such conditions or modifications contained in the Board Order, which shall thereupon become binding on all Signatory Parties.

10. This Stipulation may be executed in any number of counterparts, each of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Signatory Parties.

**CONCLUSION**

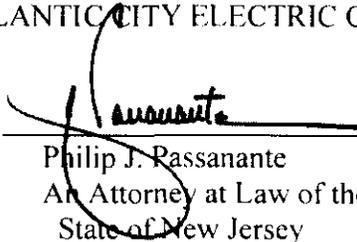
**WHEREFORE**, for the reasons set forth above, the Signatory Parties to this Stipulation of Settlement respectfully request that the Board approve and adopt this Stipulation in its entirety and issue an Order Adopting Stipulation of Settlement determining that each of the issues outlined in the above-captioned proceeding have been adequately and appropriately resolved.

Respectfully submitted,

ATLANTIC CITY ELECTRIC COMPANY

Dated: June 11, 2012

By: \_\_\_\_\_

  
Philip J. Passanante  
An Attorney at Law of the  
State of New Jersey

Associate General Counsel  
500 North Wakefield Drive, 92DC42  
P.O. Box 6066  
Newark, DE 19714-6066  
(302) 429-3105 - Telephone  
(302) 429-3801 - Facsimile  
philip.passanante@pepcoholdings.com

JEFFREY S. CHIESA  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the  
New Jersey Board of Public Utilities

Dated: 6/11/2012

By:   
\_\_\_\_\_  
Alex Moreau  
Deputy Attorney General

DIVISION OF RATE COUNSEL  
Stefanie A. Brand  
Director

Dated:

By: \_\_\_\_\_  
Diane Schulze  
Assistant Deputy Rate Counsel

**JEFFREY S. CHIESA**  
**ATTORNEY GENERAL OF NEW JERSEY**  
Attorney for the Staff of the  
New Jersey Board of Public Utilities

Dated:

By: \_\_\_\_\_  
Alex Moreau  
Deputy Attorney General

**DIVISION OF RATE COUNSEL**  
Stefanie A. Brand  
Director

Dated:

6/12/12

By: Diane Schlu  
Diane Schulze  
Assistant Deputy Rate Counsel

# Settlement Schedule 1

Line	Table 1	Forecasted NUG Costs						
		Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	
5	NGC Costs	\$ -	\$ 18,786,149	\$ 19,369,054	\$ 17,923,062	\$ 12,578,895	\$ 13,580,671	
6	Market-Based Revenue (\$000)	\$ -	\$ 13,039,894	\$ 13,330,207	\$ 11,031,313	\$ 5,279,232	\$ 6,312,607	
7	Above Market NUG Costs (\$000)	\$ -	\$ 5,746,255	\$ 6,038,847	\$ 6,891,749	\$ 7,299,663	\$ 7,268,064	
		Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	July-12 to May-13
11	NGC Costs	\$ 15,271,990	\$ 15,289,384	\$ 15,106,319	\$ 13,872,318	\$ 15,887,226	\$ 16,080,658	\$ 173,745,727
12	Market-Based Revenue (\$000)	\$ 7,828,318	\$ 7,714,426	\$ 7,775,439	\$ 7,620,631	\$ 10,023,130	\$ 10,030,800	\$ 99,985,999
13	Above Market NUG Costs (\$000)	\$ 7,443,672	\$ 7,574,958	\$ 7,330,880	\$ 6,251,687	\$ 5,864,096	\$ 6,049,857	\$ 73,759,728

16	Projected Contract Cost (\$000)	\$	173,745,727	= Line 5 + Line 11
17	Forecasted Market-Based Revenue (\$000)	\$	99,985,999	= Line 6 + Line 12
18	Forecasted Above Market NUG Costs (\$000)	\$	73,759,728	= Line 16 - Line 17
21	Projected Underrecovered Balance At July 2012	\$	125,973,199	Settlement Schedule 1 Page 2 of 3 Line 26
23	Recovery of July 2012 Balance (From July 2012 to May 2013)	\$	29,717,132	Settlement Schedule 1 Page 3 Column 3 Line 11
24	Interest on Balance being Amortized July 2012 - May 2013	\$	560,390	Settlement Schedule 1 Page 3 Column 4 Line 11
25	Total Estimated Balance Recovery July 2012 - May 2013	\$	30,277,522	
27	Total Period NGC Costs	\$	104,037,250	Line 18 + Line 25

Line	Table 2	NGC Rate with Voltage Level Loss Adjustment	
	Voltage Level	Loss Factor	
31	Secondary (120 - 480 Volts)	1.08544	
32	Primary (4,000 & 12,000 Volts)	1.05345	
33	Subtransmission (23,000 & 34,500 Volts)	1.03381	
34	Transmission (69,000 Volts)	1.02851	

Line	Rate Class	Col. 1 Loss Factor	Col. 2 Sales @ Customer (kWh)	Col. 3 = Col. 1 x Col. 2 Sales @ Bulk System - Including Losses	Col. 4 = Col. 3 Lines 39 - 46 / Col. 3 Line 47 Allocation Factor	Col. 5 = Col. 4 x Line 23 Allocated Revenue Requirements	Col. 6 = Col. 5 / Col. 2 NGC Rate (\$/kWh)	Col. 7 = Col. 3 x 0.005(1-1) BPU Assessment (\$/kWh)	Col. 8 = Col. 6 + Col. 7 Final NGC Rate (\$/kWh)	Col. 9 = Col. 8 x 1.07 Final NGC Rate w/ SUT (\$/kWh)
39	RS	1.08544	4,324,185,960	4,693,644,408	0.4720	\$ 49,102,577	\$ 0.011355	\$ 0.000057	\$ 0.011412	\$ 0.012211
40	MGS Secondary	1.08544	1,134,676,843	1,231,623,632	0.1238	\$ 12,884,635	\$ 0.011355	\$ 0.000057	\$ 0.011412	\$ 0.012211
41	MGS Primary	1.05345	10,310,581	10,861,681	0.0011	\$ 113,630	\$ 0.011021	\$ 0.000055	\$ 0.011076	\$ 0.011851
42	AGS Secondary	1.08544	1,762,234,740	1,912,800,076	0.1923	\$ 20,010,765	\$ 0.011355	\$ 0.000057	\$ 0.011412	\$ 0.012211
43	AGS Primary	1.05345	660,833,187	696,154,721	0.0700	\$ 7,282,825	\$ 0.011021	\$ 0.000055	\$ 0.011076	\$ 0.011851
44	TGS	1.02951	1,265,424,538	1,302,767,216	0.1310	\$ 13,628,904	\$ 0.010770	\$ 0.000054	\$ 0.010824	\$ 0.011582
45	SPL/CSL	1.08544	77,550,436	84,176,345	0.0085	\$ 880,611	\$ 0.011355	\$ 0.000057	\$ 0.011412	\$ 0.012211
46	BDC	1.08544	11,739,302	12,742,308	0.0013	\$ 133,304	\$ 0.011355	\$ 0.000057	\$ 0.011412	\$ 0.012211
47	Total		9,246,955,587	9,944,770,389	1.0000	\$ 104,037,250				

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	Col. 14
Line No	Month	Retail NGG Revenues	PJM Interchange Revenues	Expenses	Prior Period Adjustments	Deferral	Pre-Tax Cumulative Deferral	Interest Rollover	After-Tax Cumulative Deferral	After-Tax Average Monthly Balance	Annual Interest Rate	Interest	
1	Actual Aug-10	\$ (4,452,770)	\$ 17,107,771	\$ 26,684,891		\$ (14,029,891)	\$ (36,833,958)	\$ 133,558	\$ (21,195,786)	\$ (17,085,946)	0.41%	\$ (7,761)	
2	Actual Sep-10	\$ (3,668,471)	\$ 11,343,878	\$ 23,875,588		\$ (16,200,181)	\$ (52,034,139)		\$ (30,778,193)	\$ (25,986,990)	0.40%	\$ (6,581)	
3	Actual Oct-10	\$ (2,947,596)	\$ 7,812,738	\$ 20,780,459		\$ (15,915,316)	\$ (67,949,455)		\$ (40,192,103)	\$ (35,485,148)	0.37%	\$ (10,841)	
4	Actual Nov-10	\$ (2,456,683)	\$ 8,445,857	\$ 21,285,786		\$ (15,296,612)	\$ (83,246,068)		\$ (49,240,049)	\$ (44,718,076)	0.35%	\$ (13,064)	
5	Actual Dec-10	\$ (2,761,744)	\$ 19,448,753	\$ 27,513,359		\$ (10,826,350)	\$ (94,072,418)		\$ (55,643,835)	\$ (52,441,942)	0.35%	\$ (15,383)	
6	Actual Jan-11	\$ 2,848,126	\$ 16,029,269	\$ 22,454,974		\$ (3,577,580)	\$ (97,649,997)		\$ (57,759,973)	\$ (56,701,904)	0.35%	\$ (16,699)	
7	Actual Feb-11	\$ 6,536,476	\$ 10,294,174	\$ 12,905,575		\$ 3,925,075	\$ (93,724,922)		\$ (55,438,291)	\$ (56,599,132)	0.35%	\$ (16,640)	
8	Actual Mar-11	\$ 6,134,415	\$ 8,779,370	\$ 16,181,646	\$ 288,181	\$ (979,680)	\$ (94,704,602)		\$ (56,017,772)	\$ (55,728,032)	0.35%	\$ (16,464)	
9	Actual Apr-11	\$ 5,652,230	\$ 9,516,562	\$ 17,104,859		\$ (1,938,067)	\$ (96,640,669)		\$ (57,162,956)	\$ (56,590,364)	0.35%	\$ (16,674)	
10	Actual May-11	\$ 5,674,243	\$ 12,105,039	\$ 18,505,624		\$ (726,342)	\$ (97,367,011)		\$ (57,592,587)	\$ (57,377,171)	0.31%	\$ (14,912)	
11	Actual Jun-11	\$ 6,979,239	\$ 13,105,953	\$ 18,977,259		\$ 1,107,933	\$ (96,259,078)		\$ (56,937,245)	\$ (57,264,916)	0.31%	\$ (14,767)	
12	Actual Jul-11	\$ 8,817,424	\$ 13,872,919	\$ 17,011,526		\$ 5,678,817	\$ (90,580,261)		\$ (53,578,224)	\$ (55,257,734)	0.29%	\$ (13,459)	
13	Actual Aug-11	\$ 9,593,325	\$ 12,170,295	\$ 20,998,760		\$ 764,859	\$ (89,978,684)	\$ (163,283)	\$ (53,222,392)	\$ (53,400,308)	0.34%	\$ (15,285)	
14	Actual Sep-11	\$ 8,161,913	\$ 8,599,249	\$ 18,038,154		\$ (1,276,993)	\$ (91,255,677)		\$ (53,977,733)	\$ (53,600,062)	0.30%	\$ (13,400)	
15	Actual Oct-11	\$ 6,311,340	\$ 7,036,311	\$ 16,243,595		\$ (2,895,945)	\$ (94,151,622)		\$ (55,690,684)	\$ (54,834,209)	0.64%	\$ (29,140)	
16	Actual Nov-11	\$ 5,409,079	\$ 6,581,089	\$ 15,661,950		\$ (3,671,781)	\$ (97,823,403)		\$ (57,862,543)	\$ (56,776,614)	0.66%	\$ (31,256)	
17	Actual Dec-11	\$ 6,028,038	\$ 6,113,975	\$ 17,326,955		\$ (5,184,942)	\$ (103,008,346)		\$ (60,929,436)	\$ (59,395,990)	0.72%	\$ (35,512)	
18	Actual Jan-12	\$ 6,532,011	\$ 6,379,605	\$ 17,094,559		\$ (4,182,944)	\$ (107,191,289)		\$ (63,403,648)	\$ (62,166,542)	0.83%	\$ (43,006)	
19	Actual Feb-12	\$ 6,025,861	\$ 5,326,048	\$ 16,434,693		\$ (5,082,785)	\$ (112,274,074)		\$ (66,410,115)	\$ (64,906,881)	0.85%	\$ (45,812)	
20	Actual Mar-12	\$ 5,864,033	\$ 5,485,532	\$ 18,277,928		\$ (6,928,363)	\$ (119,202,437)		\$ (70,508,242)	\$ (68,459,178)	0.90%	\$ (51,095)	
21	Actual Apr-12	\$ 5,374,526	\$ 5,065,648	\$ 15,859,135		\$ (5,418,862)	\$ (124,621,400)		\$ (73,713,558)	\$ (72,110,900)	0.92%	\$ (55,396)	
22	Projected May-12	\$ 5,768,254	\$ 6,551,405	\$ 14,428,421		\$ (2,108,762)	\$ (126,730,161)		\$ (74,960,890)	\$ (74,337,224)	0.92%	\$ (57,107)	
23	Projected Jun-12	\$ 6,679,239	\$ 10,353,857	\$ 16,841,582		\$ 191,514	\$ (126,538,647)		\$ (74,847,609)	\$ (74,904,250)	0.92%	\$ (57,542)	
24													
25	Total Interest Aug2011-May2012						\$ (434,551)					\$ (434,551)	
26	Total Over Recovered Balance						\$ (126,973,199)						

**Atlantic City Electric Company**

Amortization of Under Recovered NGC Balance  
 Amortization for Period July 2012 to May 2016  
 Amortization Rate to be Effective For Period July 2012 - May 2016  
 Updated for Actuals through April 2012

Line					
1	Total Under Recovered To Be Amortized	\$ 126,973,199	From Settlement Schedule 1 Page 2 of 4 Line 25		
2					
3	Interest Rate (Pre-Tax)	0.92%			
4	Interest Rate (After-Tax)	0.55%			
5	Amortization Period (Years)	3.9			
6					
7		Amortization			
8	Total Annual Balance Per Year	\$ 32,418,689	To Settlement Schedule 1 Page 1 of 3 Line 24 (=Line 1 / Line 5)		
9					
10		Col. 1	Col. 2	Col. 3	Col. 4
11	July 2012 to May 2013 (Sum Line 15 to Line 26)	\$ 29,717,132	\$ 560,390		
12		Total	Total Monthly	Total	Total
13	Period	Starting Balance	Amortization	Interest	Ending Balance
14	Deferral Starting Balance				\$ 126,973,199
15	1 Jul-12	\$ 126,973,199	\$ 2,701,557	\$ 57,082	\$ 124,271,641
16	2 Aug-12	\$ 124,271,641	\$ 2,701,557	\$ 55,855	\$ 121,570,084
17	3 Sep-12	\$ 121,570,084	\$ 2,701,557	\$ 54,627	\$ 118,868,527
18	4 Oct-12	\$ 118,868,527	\$ 2,701,557	\$ 53,400	\$ 116,166,969
19	5 Nov-12	\$ 116,166,969	\$ 2,701,557	\$ 52,172	\$ 113,465,412
20	6 Dec-12	\$ 113,465,412	\$ 2,701,557	\$ 50,945	\$ 110,763,854
21	7 Jan-13	\$ 110,763,854	\$ 2,701,557	\$ 49,717	\$ 108,062,297
22	8 Feb-13	\$ 108,062,297	\$ 2,701,557	\$ 48,489	\$ 105,360,739
23	9 Mar-13	\$ 105,360,739	\$ 2,701,557	\$ 47,262	\$ 102,659,182
24	10 Apr-13	\$ 102,659,182	\$ 2,701,557	\$ 46,034	\$ 99,957,625
25	11 May-13	\$ 99,957,625	\$ 2,701,557	\$ 44,807	\$ 97,256,067
26	12 Jun-13	\$ 97,256,067	\$ 2,701,557	\$ 43,579	\$ 94,554,510
27	13 Jul-13	\$ 94,554,510	\$ 2,701,557	\$ 42,352	\$ 91,852,952
28	14 Aug-13	\$ 91,852,952	\$ 2,701,557	\$ 41,124	\$ 89,151,395
29	15 Sep-13	\$ 89,151,395	\$ 2,701,557	\$ 39,896	\$ 86,449,838
30	16 Oct-13	\$ 86,449,838	\$ 2,701,557	\$ 38,669	\$ 83,748,280
31	17 Nov-13	\$ 83,748,280	\$ 2,701,557	\$ 37,441	\$ 81,046,723
32	18 Dec-13	\$ 81,046,723	\$ 2,701,557	\$ 36,214	\$ 78,345,165
33	19 Jan-14	\$ 78,345,165	\$ 2,701,557	\$ 34,986	\$ 75,643,608
34	20 Feb-14	\$ 75,643,608	\$ 2,701,557	\$ 33,758	\$ 72,942,050
35	21 Mar-14	\$ 72,942,050	\$ 2,701,557	\$ 32,531	\$ 70,240,493
36	22 Apr-14	\$ 70,240,493	\$ 2,701,557	\$ 31,303	\$ 67,538,936
37	23 May-14	\$ 67,538,936	\$ 2,701,557	\$ 30,076	\$ 64,837,378
38	24 Jun-14	\$ 64,837,378	\$ 2,701,557	\$ 28,848	\$ 62,135,821
39	25 Jul-14	\$ 62,135,821	\$ 2,701,557	\$ 27,621	\$ 59,434,263
40	26 Aug-14	\$ 59,434,263	\$ 2,701,557	\$ 26,393	\$ 56,732,706
41	27 Sep-14	\$ 56,732,706	\$ 2,701,557	\$ 25,165	\$ 54,031,148
42	28 Oct-14	\$ 54,031,148	\$ 2,701,557	\$ 23,938	\$ 51,329,591
43	29 Nov-14	\$ 51,329,591	\$ 2,701,557	\$ 22,710	\$ 48,628,034
44	30 Dec-14	\$ 48,628,034	\$ 2,701,557	\$ 21,483	\$ 45,926,476
45	31 Jan-15	\$ 45,926,476	\$ 2,701,557	\$ 20,255	\$ 43,224,919
46	32 Feb-15	\$ 43,224,919	\$ 2,701,557	\$ 19,027	\$ 40,523,361
47	33 Mar-15	\$ 40,523,361	\$ 2,701,557	\$ 17,800	\$ 37,821,804
48	34 Apr-15	\$ 37,821,804	\$ 2,701,557	\$ 16,572	\$ 35,120,246
49	35 May-15	\$ 35,120,246	\$ 2,701,557	\$ 15,345	\$ 32,418,689
50	36 Jun-15	\$ 32,418,689	\$ 2,701,557	\$ 14,117	\$ 29,717,132
51	37 Jul-15	\$ 29,717,132	\$ 2,701,557	\$ 12,890	\$ 27,015,574
52	38 Aug-15	\$ 27,015,574	\$ 2,701,557	\$ 11,662	\$ 24,314,017
53	39 Sep-15	\$ 24,314,017	\$ 2,701,557	\$ 10,434	\$ 21,612,459
54	40 Oct-15	\$ 21,612,459	\$ 2,701,557	\$ 9,207	\$ 18,910,902
55	41 Nov-15	\$ 18,910,902	\$ 2,701,557	\$ 7,979	\$ 16,209,345
56	42 Dec-15	\$ 16,209,345	\$ 2,701,557	\$ 6,752	\$ 13,507,787
57	43 Jan-16	\$ 13,507,787	\$ 2,701,557	\$ 5,524	\$ 10,806,230
58	44 Feb-16	\$ 10,806,230	\$ 2,701,557	\$ 4,297	\$ 8,104,672
59	45 Mar-16	\$ 8,104,672	\$ 2,701,557	\$ 3,069	\$ 5,403,115
60	46 Apr-16	\$ 5,403,115	\$ 2,701,557	\$ 1,841	\$ 2,701,557
61	47 May-16	\$ 2,701,557	\$ 2,701,557	\$ 614	\$ 0
62	48 Jun-16	\$ 0	\$ -	\$ 0	\$ 0

Notes 1) Monthly Amortizations = Amortization Balance Per Year / 12 Months (Adjusted for 47 month Amortization)  
 2) Interest = Average Monthly Balance \* Interest Rate Per Month  
 Average Monthly Balance = (Prior Month Balance + Current Month Balance) / 2  
 Interest Rate Per Month = Interest Rate (After Tax) / 12 months



# Settlement Schedule 2

Line No. **Table 1 Summary of Projected Comprehensive Resource Analysis Program Expenditures July 2012 - May 2013**  
 (Source: NJ BPU Order dated 9/30/08 in Docket No. EO07030203, Appendix A)

Month	Projected Expenditure
Jun-12	\$ -
Jul-12	\$ 3,267,026
Aug-12	\$ 3,636,418
Sep-12	\$ 3,462,676
Oct-12	\$ 2,785,611
Nov-12	\$ 2,314,418
Dec-12	\$ 2,486,407
Jan-13	\$ 2,800,746
Feb-13	\$ 2,800,746
Mar-13	\$ 2,800,746
Apr-13	\$ 2,800,746
May-13	\$ 2,800,746
<b>Total</b>	<b>\$ 31,956,287</b>

**Basis to Project Expenditures for January 2013 to May 2013:**

Annual Funding Level Ordered Year 2012	\$ 33,608,955	Source Shown at Line 1
Number of Months	12	
Monthly Funding Level for 2013	\$ 2,800,746	=Line 23 / Line 24

**Table 2 Clean Energy Program Funding Rate Design July 2012 - May 2013**

Total Period Expenditures	\$ 31,956,287	=Line 19
Recovery of NJ Clean Energy Program Funding Deferral Balance	\$ (1,662,445)	Settlement Schedule 2, Page 2, Col 7 Row 25
Total Clean Energy Program Recovery	\$ 30,293,842	=Line 30 + Line 31
Projected Delivered Sales July 2012 - May 2013	9,246,955,587	
Clean Energy Program Funding Rate (\$/kWh)	\$ 0.003276	
BPU Assessment	\$ 0.000016	
Rate without SUT (\$/kWh)	\$ 0.003292	
Rate Including SUT (\$/kWh)	\$ 0.003523	

Atlantic City Electric Company  
 Summary of Clean Energy Program Deferral  
 Rates Effective For Period July 2012 - May 2013  
 Updated for Actuals through April 2012

Col. 1	Col. 2	Col. 3	Col. 4a	Col. 4b	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12
Line No.	Month	Revenues	Consumer Education Balance Per Strip	Expenses	Deferral	Pre-Tax Deferral Cumulative	Interest Rollover	After-Tax Deferral Cumulative	After-Tax Average Monthly Balance	Annual Interest Rate	Interest	
1	Actual Aug-10	\$ 5,750,617		\$ 2,515,387	\$ 3,235,230	\$ 29,574,024	\$ 30,739	\$ 17,493,035	\$ 16,527,125	0.41%	\$ 5,471	
2	Actual Sep-10	\$ 4,737,681		\$ 2,420,666	\$ 2,317,015	\$ 31,891,039		\$ 18,863,549	\$ 18,178,292	0.40%	\$ 6,002	
3	Actual Oct-10	\$ 3,816,147		\$ 1,988,907	\$ 1,827,240	\$ 33,718,279		\$ 19,944,362	\$ 19,403,956	0.37%	\$ 5,928	
4	Actual Nov-10	\$ 3,182,081		\$ 1,675,875	\$ 1,506,206	\$ 35,224,485		\$ 20,835,283	\$ 20,389,822	0.35%	\$ 5,957	
5	Actual Dec-10	\$ 3,568,955		\$ 1,813,320	\$ 1,755,635	\$ 36,980,120		\$ 21,873,741	\$ 21,354,512	0.35%	\$ 6,264	
6	Actual Jan-11	\$ 2,127,873	\$ 2,806,423	\$ 2,148,640	\$ (2,827,190)	\$ 34,152,929		\$ 20,201,458	\$ 20,207,600	0.35%	\$ 5,951	
7	Actual Feb-11	\$ 547,828		\$ 2,307,285	\$ (1,759,457)	\$ 32,393,472		\$ 19,160,739	\$ 19,681,098	0.35%	\$ 5,786	
8	Actual Mar-11	\$ 508,106		\$ 2,329,407	\$ (1,821,301)	\$ 30,572,172		\$ 18,083,439	\$ 18,622,089	0.35%	\$ 5,502	
9	Actual Apr-11	\$ 471,514		\$ 1,984,738	\$ (1,513,223)	\$ 29,058,948		\$ 17,188,368	\$ 17,635,904	0.35%	\$ 5,196	
10	Actual May-11	\$ 475,261		\$ 2,273,390	\$ (1,798,128)	\$ 27,260,820		\$ 16,124,775	\$ 16,656,571	0.31%	\$ 4,329	
11	Actual Jun-11	\$ 581,498		\$ 2,362,988	\$ (1,781,490)	\$ 25,479,330		\$ 15,071,024	\$ 15,597,899	0.31%	\$ 4,022	
12	Actual Jul-11	\$ 733,750		\$ 2,630,419	\$ (1,896,669)	\$ 23,582,661		\$ 13,949,144	\$ 14,510,084	0.29%	\$ 3,534	
13	Actual Aug-11	\$ 797,212		\$ 3,004,616	\$ (2,207,405)	\$ 21,439,338	\$ 64,082	\$ 12,681,369	\$ 13,315,256	0.34%	\$ 3,811	
14	Actual Sep-11	\$ 678,580		\$ 2,844,922	\$ (2,166,343)	\$ 19,272,996		\$ 11,399,977	\$ 12,040,673	0.30%	\$ 3,010	
15	Actual Oct-11	\$ 527,486		\$ 2,344,880	\$ (1,817,395)	\$ 17,455,601		\$ 10,324,988	\$ 10,862,482	0.64%	\$ 5,773	
16	Actual Nov-11	\$ 451,383		\$ 1,913,584	\$ (1,462,201)	\$ 15,993,400		\$ 9,460,096	\$ 9,892,542	0.66%	\$ 5,446	
17	Actual Dec-11	\$ 502,342		\$ 2,420,775	\$ (1,918,433)	\$ 14,074,967		\$ 8,325,343	\$ 8,892,719	0.72%	\$ 5,317	
18	Actual Jan-12	\$ 544,711		\$ 2,360,621	\$ (1,815,910)	\$ 12,259,056		\$ 7,251,232	\$ 7,788,287	0.83%	\$ 5,388	
19	Actual Feb-12	\$ 502,605		\$ 2,686,631	\$ (2,184,026)	\$ 10,075,031		\$ 5,959,381	\$ 6,605,306	0.85%	\$ 4,662	
20	Actual Mar-12	\$ 488,522		\$ 2,792,019	\$ (2,303,497)	\$ 7,771,533		\$ 4,596,862	\$ 5,278,121	0.90%	\$ 3,939	
21	Actual Apr-12	\$ 448,306		\$ 2,434,547	\$ (1,986,241)	\$ 5,785,292		\$ 3,422,000	\$ 4,009,431	0.92%	\$ 3,080	
22	Projected May-12	\$ 481,568		\$ 2,447,292	\$ (1,965,724)	\$ 3,819,568		\$ 2,259,275	\$ 2,840,638	0.92%	\$ 2,182	
23	Projected Jun-12	\$ 556,577		\$ 2,757,545	\$ (2,200,967)	\$ 1,618,601		\$ 957,402	\$ 1,608,339	0.92%	\$ 1,236	
24												
25	Total Interest Aug2011-May2012					\$ 43,844					\$ 43,844	
26	Total Over Recovered Balance					\$ 1,662,445						

# Settlement Schedule 3

Line No.			
1	Projected Uncollectible Expense (July 2012 - May 2013)	\$ 12,430,605	Settlement Schedule 3, Page 4 of 4 Line 15
2			
3	Projected Underrecovered Balance At July 2012	\$ 10,977,980	Settlement Schedule 3 Page 2 of 4 Line 25
4			
5	Annual Levelized Recovery at Jun2012 Balance (From July 2012 to May2016)	\$ 2,569,314	Settlement Schedule 3 Page 3 of 4 Column 2 Line 11
6	Interest on UNC Balance being Amortized July 2012 - May 2013	\$ 48,451	Settlement Schedule 3 Page 3 of 4 Column 4 Line 11
7	Total Estimated Balance Recovery July 2012 - May 2013	\$ 2,617,765	
8			
9	Total Uncollectible Recovery	\$ 15,048,371	Line 1 + Line 7
10			
11	Projected Delivered Sales July 2012 - May 2013	9,246,955,587	
12	Uncollectible Rate (\$/kWh)	\$ 0.001627	
13	BPU/RPA Revenue Assessment	\$ 0.000008	
14	Final Uncollectible Rate (\$/kWh)	\$ 0.001636	
15	Final Uncollectible Rate including SUT (\$/kWh)	\$ 0.001750	



Line						
1	Total Under Recovered UNC Balance	\$	10,977,980	From Settlement Schedule 3 Page 2 of 4 Line 25		
2						
3	Interest Rate (Pre-Tax)		0.92%			
4	Interest Rate (After-Tax)		0.55%			
5	Amortization Period (Years)		3.9			
6						
7						
8	UNC Annual Balance Per Year	\$	2,802,888	To Settlement Schedule 3 Page 1 of 4 Line 8 (=Line 1 / Line 5)		
9						
10						
11	Col. 1	Col. 2	To	Col. 3	Col. 4	Col. 5
12	June 2012 to May 2013 (Sum Line 15 to Line 26)		\$	2,569,314	\$	48,451
13	Period	Month	Total Starting Balance	Total Monthly Amortization	Total Interest	Total Ending Balance
14	Deferral Starting Balance					\$ 10,977,980
15	1	Jul-12	\$ 10,977,980	\$ 233,574	\$ 4,935	\$ 10,744,406
16	2	Aug-12	\$ 10,744,406	\$ 233,574	\$ 4,829	\$ 10,510,832
17	3	Sep-12	\$ 10,510,832	\$ 233,574	\$ 4,723	\$ 10,277,258
18	4	Oct-12	\$ 10,277,258	\$ 233,574	\$ 4,617	\$ 10,043,683
19	5	Nov-12	\$ 10,043,683	\$ 233,574	\$ 4,511	\$ 9,810,109
20	6	Dec-12	\$ 9,810,109	\$ 233,574	\$ 4,405	\$ 9,576,535
21	7	Jan-13	\$ 9,576,535	\$ 233,574	\$ 4,298	\$ 9,342,961
22	8	Feb-13	\$ 9,342,961	\$ 233,574	\$ 4,192	\$ 9,109,387
23	9	Mar-13	\$ 9,109,387	\$ 233,574	\$ 4,086	\$ 8,875,813
24	10	Apr-13	\$ 8,875,813	\$ 233,574	\$ 3,980	\$ 8,642,239
25	11	May-13	\$ 8,642,239	\$ 233,574	\$ 3,874	\$ 8,408,665
26	12	Jun-13	\$ 8,408,665	\$ 233,574	\$ 3,768	\$ 8,175,091
27	13	Jul-13	\$ 8,175,091	\$ 233,574	\$ 3,662	\$ 7,941,517
28	14	Aug-13	\$ 7,941,517	\$ 233,574	\$ 3,556	\$ 7,707,943
29	15	Sep-13	\$ 7,707,943	\$ 233,574	\$ 3,449	\$ 7,474,369
30	16	Oct-13	\$ 7,474,369	\$ 233,574	\$ 3,343	\$ 7,240,795
31	17	Nov-13	\$ 7,240,795	\$ 233,574	\$ 3,237	\$ 7,007,221
32	18	Dec-13	\$ 7,007,221	\$ 233,574	\$ 3,131	\$ 6,773,647
33	19	Jan-14	\$ 6,773,647	\$ 233,574	\$ 3,025	\$ 6,540,073
34	20	Feb-14	\$ 6,540,073	\$ 233,574	\$ 2,919	\$ 6,306,499
35	21	Mar-14	\$ 6,306,499	\$ 233,574	\$ 2,813	\$ 6,072,925
36	22	Apr-14	\$ 6,072,925	\$ 233,574	\$ 2,706	\$ 5,839,351
37	23	May-14	\$ 5,839,351	\$ 233,574	\$ 2,600	\$ 5,605,777
38	24	Jun-14	\$ 5,605,777	\$ 233,574	\$ 2,494	\$ 5,372,203
39	25	Jul-14	\$ 5,372,203	\$ 233,574	\$ 2,388	\$ 5,138,629
40	26	Aug-14	\$ 5,138,629	\$ 233,574	\$ 2,282	\$ 4,905,055
41	27	Sep-14	\$ 4,905,055	\$ 233,574	\$ 2,176	\$ 4,671,481
42	28	Oct-14	\$ 4,671,481	\$ 233,574	\$ 2,070	\$ 4,437,907
43	29	Nov-14	\$ 4,437,907	\$ 233,574	\$ 1,964	\$ 4,204,333
44	30	Dec-14	\$ 4,204,333	\$ 233,574	\$ 1,857	\$ 3,970,759
45	31	Jan-15	\$ 3,970,759	\$ 233,574	\$ 1,751	\$ 3,737,185
46	32	Feb-15	\$ 3,737,185	\$ 233,574	\$ 1,645	\$ 3,503,611
47	33	Mar-15	\$ 3,503,611	\$ 233,574	\$ 1,539	\$ 3,270,036
48	34	Apr-15	\$ 3,270,036	\$ 233,574	\$ 1,433	\$ 3,036,462
49	35	May-15	\$ 3,036,462	\$ 233,574	\$ 1,327	\$ 2,802,888
50	36	Jun-15	\$ 2,802,888	\$ 233,574	\$ 1,221	\$ 2,569,314
51	37	Jul-15	\$ 2,569,314	\$ 233,574	\$ 1,114	\$ 2,335,740
52	38	Aug-15	\$ 2,335,740	\$ 233,574	\$ 1,008	\$ 2,102,166
53	39	Sep-15	\$ 2,102,166	\$ 233,574	\$ 902	\$ 1,868,592
54	40	Oct-15	\$ 1,868,592	\$ 233,574	\$ 796	\$ 1,635,018
55	41	Nov-15	\$ 1,635,018	\$ 233,574	\$ 690	\$ 1,401,444
56	42	Dec-15	\$ 1,401,444	\$ 233,574	\$ 584	\$ 1,167,870
57	43	Jan-16	\$ 1,167,870	\$ 233,574	\$ 478	\$ 934,296
58	44	Feb-16	\$ 934,296	\$ 233,574	\$ 371	\$ 700,722
59	45	Mar-16	\$ 700,722	\$ 233,574	\$ 265	\$ 467,148
60	46	Apr-16	\$ 467,148	\$ 233,574	\$ 159	\$ 233,574
61	47	May-16	\$ 233,574	\$ 233,574	\$ 53	\$ 0
62	48	Jun-16	\$ 0	\$ -	\$ 0	\$ 0

Notes 1) Monthly Amortizations = Amortization Balance Per Year / 12 Months  
 2) Interest = Average Monthly Balance \* Interest Rate Per Month  
 Average Monthly Balance = (Prior Month Balance + Current Month Balance) / 2  
 Interest Rate Per Month = Interest Rate (After Tax) / 12 months

**Atlantic City Electric Company**  
 Uncollectible Charge Rate Design  
 Rates Effective For Period July 2012 - May 2013  
 Updated for Actuals through April 2012

Settlement Schedule 3  
 Page 4 of 4

Forecasted Uncollectible Expense

Line No.	Month	Total Billed Revenues	Uncollectible Rate	Uncollectible Expense
1				
2	Jun-12	\$ -	1.087%	\$ -
3	Jul-12	\$ 134,218,948	1.087%	\$ 1,458,960
4	Aug-12	\$ 148,930,087	1.087%	\$ 1,618,870
5	Sep-12	\$ 130,184,752	1.087%	\$ 1,415,108
6	Oct-12	\$ 91,917,519	1.087%	\$ 999,143
7	Nov-12	\$ 81,271,189	1.087%	\$ 883,418
8	Dec-12	\$ 95,335,957	1.087%	\$ 1,036,302
9	Jan-13	\$ 106,476,145	1.087%	\$ 1,157,396
10	Feb-13	\$ 99,592,553	1.087%	\$ 1,082,571
11	Mar-13	\$ 92,105,905	1.087%	\$ 1,001,191
12	Apr-13	\$ 84,804,467	1.087%	\$ 921,825
13	May-13	\$ 78,732,428	1.087%	\$ 855,821
14				
15	Total Period			<u>\$ 12,430,605</u>

# Settlement Schedule 4

Line No.

**Table 1 Summary of Estimated Program Expenditures July 2012 - May 2013**

**Residential Program**

1	Residential AC Customers	17,000	
2	Residential Water Heating Customers	6,000	
3	Assumed Cycling Events	4	
4	Number of Billing Credit Months	4	
5	Credit per Month per Device	\$ 1.50	
6	Credit per Event	\$ 1.50	
7			
8	Calculation of Total Residential Credit		
9	Billing Credit	\$ 138,000	=(Line 1 +Line 2) x Line 4 x Line 5
10	Cycling Credit	\$ 138,000	=(Line 1 +Line 2) x Line 3 x Line 6
11	Total Residential Credit	\$ 276,000	=Line 9 + Line 10

**Commercial Program**

14	Commercial Load Drop (kW)	5,316	
15			
16			
17	Assumed Cycling Events	4	
18	Number of Billing Credit Months	4	
19	Credit per Month per kW	\$ 1.50	
20	Credit per Event	\$ 1.50	
21			
22	Calculation of Total Commercial Credit		
23	Billing Credit	\$ 31,896	=Line 15 x Line 18 x Line 19
24	Cycling Credit	\$ 31,896	=Line 15 x Line 17 x Line 20
25	Total Commercial Credit	\$ 63,792	
26			
27	Total Residential and Commercial Credit Annually	\$ 339,792	=Line 11 + Line 25
28	Maintenance Contract Annually (11 Months)	\$ 72,039	
29			
30	Total Projected Expenditure July 2012 - May 2013	\$ 411,831	=Line 27 + Line 28

**Table 2 System Control Charge Rate Design July 2012 - May 2013**

35	Projected Program Costs July 2012 - May 2013	\$ 411,831	=Line 30
36	Recovery of Deferral Balance	\$ (327,969)	Settlement Schedule 4, Page 2 Col 7 Line 25
37	Total System Control Charge Recovery	\$ 83,862	=+Line35 + Line36
38	Projected Delivered Sales July 2012 -May 2013	9,246,955,587	
39	System Control Charge (\$/kWh)	\$ 0.000009	
40	BPU Assessment	\$ 0.000000	
41	Rate without SUT (\$/kWh)	\$ 0.000009	
42	Rate Including SUT (\$/kWh)	\$ 0.000010	



# Settlement Schedule 5

Rate Class	Projected Sales (kWh)	Present Rates (Effective Date: January 1, 2012)				Proposed Rates				System Control Charge	Overall Rate Change	System Control				Overall Revenue Change
		NGC	Clean Energy	Uncollectible	System Control Charge	NGC	Clean Energy	Uncollectible	System Control Charge			NGC	Clean Energy	Uncollectible	System Control Charge	
RS	4,324,185,960	\$ 0.009167	\$ 0.000757	\$ 0.001632	(\$ 0.000072)	\$ 0.012211	\$ 0.003523	\$ 0.001750	\$ 0.000010	\$ 0.006010	\$ 13,162,822	\$ 11,960,698	\$ 510,254	\$ 354,583	\$ 25,988,358	
MGS Secondary	1,134,676,843	\$ 0.009167	\$ 0.000757	\$ 0.001632	(\$ 0.000072)	\$ 0.012211	\$ 0.003523	\$ 0.001750	\$ 0.000010	\$ 0.006010	\$ 3,453,956	\$ 3,138,516	\$ 133,892	\$ 93,044	\$ 6,819,408	
MGS Primary	10,310,581	\$ 0.008897	\$ 0.000757	\$ 0.001632	(\$ 0.000072)	\$ 0.011851	\$ 0.003523	\$ 0.001750	\$ 0.000010	\$ 0.005920	\$ 30,457	\$ 28,519	\$ 1,217	\$ 845	\$ 61,039	
AGS Secondary	1,762,234,740	\$ 0.009167	\$ 0.000757	\$ 0.001632	(\$ 0.000072)	\$ 0.012211	\$ 0.003523	\$ 0.001750	\$ 0.000010	\$ 0.006010	\$ 5,364,243	\$ 4,874,341	\$ 207,944	\$ 144,503	\$ 10,591,031	
AGS Primary	660,833,187	\$ 0.008897	\$ 0.000757	\$ 0.001632	(\$ 0.000072)	\$ 0.011851	\$ 0.003523	\$ 0.001750	\$ 0.000010	\$ 0.005920	\$ 1,952,101	\$ 1,827,865	\$ 77,978	\$ 54,188	\$ 3,912,132	
TGS	1,265,424,538	\$ 0.008695	\$ 0.000757	\$ 0.001632	(\$ 0.000072)	\$ 0.011582	\$ 0.003523	\$ 0.001750	\$ 0.000010	\$ 0.005853	\$ 3,653,281	\$ 3,500,164	\$ 149,320	\$ 103,765	\$ 7,406,530	
SPL/CSL	77,550,436	\$ 0.009167	\$ 0.000757	\$ 0.001632	(\$ 0.000072)	\$ 0.012211	\$ 0.003523	\$ 0.001750	\$ 0.000010	\$ 0.006010	\$ 236,064	\$ 214,505	\$ 9,151	\$ 6,359	\$ 466,078	
DDC	11,739,302	\$ 0.009167	\$ 0.000757	\$ 0.001632	(\$ 0.000072)	\$ 0.012211	\$ 0.003523	\$ 0.001750	\$ 0.000010	\$ 0.006010	\$ 35,734	\$ 32,471	\$ 1,385	\$ 963	\$ 70,553	
<b>Total</b>	<b>9,246,955,587</b>										<b>\$ 27,888,658</b>	<b>\$ 25,577,079</b>	<b>\$ 1,091,141</b>	<b>\$ 758,250</b>	<b>\$ 55,315,128</b>	

# Settlement Schedule 6

**ATLANTIC CITY ELECTRIC COMPANY**  
**BPU NJ No. 11 Electric Service - Section IV**      **Revised Sheet Replaces**      **Revised Sheet**      **No. 57**

---

**Rider (NGC)**  
**Non-Utility Generation Charge (NGC)**

Customers receiving service under Electric Rate Schedules RS, MGS, AGS, TS, TGS, DDC, SPL, CSL, STB, SPP are subject to a non-bypassable Non-Utility Generation Charge (NGC).

This charge provided for the full and timely recovery of the following costs:

1. Costs associated with the utility's purchase power contracts with non-utility generators and to recover the stranded costs associated with such commitments. The costs recovered via the NGC are based on the difference between the average estimated cost of energy and capacity in the regional market and the associated costs provided in existing power purchase contracts with non-utility generators. Differences between actual and estimated costs occurring under previously approved rates shall be added or subtracted as appropriate to the estimated costs.
2. Costs associated with the transition to a competitive electric market and the restructuring of the electric utility industry in the State of New Jersey.
3. Costs associated with the Company's generation facilities net of any revenue received from the sale of energy, capacity and ancillary services associated with these units.

The following table provides the component rates of the NGC charge for each rate schedule based on the cost categories listed above in \$ per kWh.

<u>Rate Schedule</u>	<u>July 1, 2012 – September 30, 2012</u>	<u>October 1, 2012 – May 31, 2013</u>
RS	\$ (0.007492)	\$ 0.023333
MGS Secondary	\$ 0.012211	\$ 0.012211
MGS Primary	\$ 0.011851	\$ 0.011851
AGS Secondary	\$ 0.012211	\$ 0.012211
AGS Primary	\$ 0.011851	\$ 0.011851
TGS	\$ 0.011582	\$ 0.011582
SPL/CSL	\$ 0.012211	\$ 0.012211
DDC	\$ 0.012211	\$ 0.012211

**Date of Issue:**

**Effective Date:**

**Issued by:**

**ATLANTIC CITY ELECTRIC COMPANY**  
**BPU NJ No. 11 Electric Service - Section IV**

**Revised Sheet Replaces**

**Revised Sheet No. 58**

---

**RIDER (SBC)**  
**Societal Benefits Charge (SBC)**

Customers receiving service under Electric Rate Schedules RS, MGS, AGS, TS, TGS, DDC, SPL, and CSL and any customer taking service under special contractual arrangements.

In accordance with the New Jersey Electric Discount and Energy Competition Act, Societal Benefits Charges include:

- Clean Energy Program Costs
- Uncollectible Accounts
- Universal Service Fund
- Lifeline

The Company's Societal Benefits Charges to be effective on and after the date indicated below are as follows:

Clean Energy Program	\$0.003523 per kWh
Uncollectible Accounts	\$0.001750 per kWh
Universal Service Fund	\$0.002567 per kWh
Lifeline	\$0.000677 per kWh

---

**Date of Issue:**

**Effective Date:**

**Issued by:**

**ATLANTIC CITY ELECTRIC COMPANY**  
**BPU NJ No. 11 Electric Service - Section IV**      **Revised Sheet Replaces**      **Revised Sheet No. 60b**  
**RIDER (BGS) continued**  
**Basic Generation Service (BGS)**

**CIEP Standby Fee**      \$0.000161 per kWh

This charge recovers the costs associated with the winning BGS-CIEP bidders maintaining the availability of the hourly priced default electric supply service plus administrative charges pursuant to N.J.S.A. 48:2-60 and New Jersey Sales and Use Tax as set forth in Rider SUT. This charge is assessed on all kWhs delivered to all CIEP- eligible customers on Rate Schedules MGS Secondary, MGS Primary, AGS Secondary, AGS Primary or TGS.

**System Control Charge (SCC)**      \$0.000010 per kWh

This charge provides for recovery of appliance cycling load management costs. This charge includes administrative charges pursuant to N.J.S.A. 48:2-60 and New Jersey Sales and Use Tax as set forth in Rider SUT. This charge is assessed on all kWhs delivered to all electric customers.

**Transmission Enhancement Charge**

This charge reflects Transmission Enhancement Charges ("TECs"), implemented to compensate transmission owners for the annual transmission revenue requirements for "Required Transmission Enhancements" (as defined in Schedule 12 of the PJM OATT) that are requested by PJM for reliability or economic purposes and approved by the Federal Energy Regulatory Commission (FERC). The TEC charge (in \$ per kWh by Rate Schedule), including administrative charges pursuant to N.J.S.A. 48:2-60 and New Jersey Sales and Use Tax as set forth in Rider SUT, is delineated in the following table.

	<b>Rate Class</b>							
	<b>RS</b>	<b>MGS Secondary</b>	<b>MGS Primary</b>	<b>AGS Secondary</b>	<b>AGS Primary</b>	<b>TGS</b>	<b>SPL/CSL</b>	<b>DDC</b>
VEPCo	0.000234	0.000180	0.000279	0.000126	0.000093	0.000093	0.000000	0.000073
TrAILCo	0.000448	0.000348	0.000540	0.000243	0.000181	0.000181	0.000000	0.000142
PSE&G	0.000458	0.000351	0.000546	0.000246	0.000183	0.000183	0.000000	0.000143
PATH	0.000057	0.000043	0.000067	0.000030	0.000022	0.000022	0.000000	0.000018
PPL	0.000026	0.000019	0.000031	0.000014	0.000011	0.000011	0.000000	0.000009
Pepco	0.000043	0.000033	0.000051	0.000024	0.000017	0.000017	0.000000	0.000014
Delmarva AEP - East	0.000013 0.000004	0.000010 0.000003	0.000015 0.000005	0.000006 0.000002	0.000005 0.000002	0.000005 0.000002	0.000000 0.000000	0.000004 0.000001
<b>Total</b>	<b>0.001283</b>	<b>0.000987</b>	<b>0.001534</b>	<b>0.000691</b>	<b>0.000514</b>	<b>0.000514</b>	<b>0.000000</b>	<b>0.000404</b>

**Date of Issue:**

**Effective Date:**

**Issued by:**

Agenda Date: 5/29/13  
Agenda Item: 2E



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

ENERGY

IN THE MATTER OF THE PETITION OF ATLANTIC )  
CITY ELECTRIC COMPANY TO RECONCILE AND )  
UPDATE THE LEVEL OF ITS NON-UTILITY )  
GENERATION CHARGE ("NGC"), ITS SOCIETAL )  
BENEFITS CHARGE ("SBC") AND ITS SYSTEMS )  
CONTROL CHARGE ("SCC") (2013) ) DOCKET NO. ER13030186

**Parties of Record:**

**Philip Passanante, Esq.,** for the Atlantic City Electric Company  
**Stefanie A. Brand, Esq., Director,** New Jersey Division of Rate Counsel

**BY THE BOARD:**

On March 5, 2013, Atlantic City Electric Company ("ACE" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board" ) requesting approval for changes in its Non-Utility Generation Charge ("NGC"), its Societal Benefits Charge ("SBC") and its System Control Charge ("SCC"). By this Decision and Order, the Board considers a Stipulation for Provisional Rates ("Stipulation") entered into by ACE, the New Jersey Division of Rate Counsel ("Rate Counsel"), and Board Staff ("Staff") (collectively, the "Signatory Parties"), requesting that the Board approve increases in the NGC, SBC, and SCC on a provisional basis, subject to refund.

**BACKGROUND**

As a result of the Board's Final Decision and Order issued in Docket Nos. EO97070455, EO97070456, and EO97090457 ("Restructuring Order"),<sup>1</sup> the Company implemented unbundled rates that included a Market Transition Charge ("MTC"), a Net Non-Utility Generation Charge ("NNC"), and the SBC as rate components. The Restructuring Order also established the components of the SBC and the associated cost recovery mechanisms.

<sup>1</sup> In re ACE- Rate Unbundling, Stranded Costs and Restructuring Filings, BPU Docket Nos. EO97070455, EO97070456, and EO97070457, Final Decision and Order dated March 30, 2001.

Pursuant to the Restructuring Order, and to the extent that expenditures for these initiatives exceeded the amount of their cost recovery, the expenditures were subject to deferred accounting treatment for future recovery at the close of the transition period. The Board further directed ACE to make a filing, no later than August 1, 2002, so the Board could consider the matter. By Order dated July 8, 2004,<sup>2</sup> the Board finalized the Company's SBC, NNC, and MTC deferred cost components through the end of the transition period, July 31, 2003, and established new SBC, NNC, and MTC rates effective August 1, 2003.

By Order dated May 26, 2005,<sup>3</sup> the Board approved a stipulation in connection with ACE's 2003 base rate case ("2003 Rate Case Order"), which adjusted and combined the NNC and MTC into the NGC, effective as of June 1, 2005.

## **COMPANY FILING**

On March 5, 2013, the Company filed the instant petition and accompanying exhibits, including pre-filed direct testimony ("March 2013 Petition"). The Company's NGC is currently designed to recover the above-market component of payments made under purchased power agreements ("PPAs") with non-utility generators ("NUGs"). The SBC components proposed to be revised in the instant petition are the Clean Energy Program component ("CEP") and the Uncollectible Accounts component ("UNC"). The SCC, which became effective on or about June 1, 2004, was designed to recover operating costs associated with the Company's residential appliance cycling program.

## **NGC**

With respect to the NGC, the rate proposed in the March 2013 Petition was designed to recover forecasted above-market NUG costs for the period June 1, 2013 through May 31, 2014, totaling \$67.849 million. It will also recover the projected under-recovered balance of \$40.779 at May 31, 2013. In addition, the proposed NGC will recover an additional \$32.861 million (\$32.419 million amortization and \$0.442 million interest) associated with the deferred under-recovered balance of \$126.973 which is being amortized on a four-year period. The total forecasted recovery for this period was \$141.489 million.

## **SBC (UNC AND CEP)**

According to the March 2013 Petition, the rates proposed for the UNC component of the SBC were designed to recover approximately \$14.669 million for the period June 1, 2013 through May 31, 2014. Additionally, the proposed rate would return to customers a projected over-recovered balance of \$0.075 million by May 31, 2013. In addition, similar to the proposed treatment of the NGC under-recovered balance, ACE proposed to continue the recovery of the projected under-recovered balance over a four year amortization period ending May 31, 2016 which was initiated on July 1, 2012. As a result, an additional \$2.841 million (\$2.803 million amortization and \$0.038 million interest) is associated with the deferred under-recovered balance of \$10.978 million. The total forecasted recovery during the period was \$17.435 million.

<sup>2</sup> In re the Petition of Atlantic City Electric Company d/b/a Connectiv Power Delivery for Approval of Amendments to its Tariff to Provide for an Increase in Rates for Electric Service, BPU Docket No. ER02080510, Final Order dated July 8, 2004.

<sup>3</sup> In re the Petition of Atlantic City Electric Company d/b/a Connectiv Power Delivery for Approval of Amendments to its Tariff to Provide for an Increase in Rates for Electric Service- Phase I and Phase II AND In re the Petition of Atlantic City Electric Company d/b/a Connectiv Power Delivery to Decrease the Level of its Net Non-Utility Generation Charge and Increase the Level of its Societal Benefits Charge AND In re the Petition of Atlantic City Electric Company for An Administrative Determination of the Value of Certain Fossil Generating Assets AND In re the Petition of Atlantic City Electric Company for Approval of a Service Company Agreement, BPU Docket Nos. ER03020110, ER04060423, EO03020091, and EM02090633, Order dated May 26, 2005.

The rates proposed for the CEP component of the SBC were designed to recover approximately \$33.609 million for the period June 1, 2013 through May 31, 2014. ACE has based its projections on the funding levels approved by the Board in its Order dated September 30, 2008 in Docket No. EO07030203 at Appendix A. The average monthly expenditures from the 2012 program expense budget year as found in the above Order were used to develop the monthly 2013 expenditures. In addition, based on an estimate of the CEP deferred balance through May 31, 2013, ACE anticipated a projected under-recovery of approximately \$0.271 million.

## **SCC**

In the March 2013 Petition, ACE proposed to adjust the SCC based on the projected under-recovered deferred balance, including interest of approximately \$0.027 million on May 31, 2013, and the forecasted program expense of \$0.412 million for the period June 1, 2013 through May 31, 2014. The total forecasted recovery during the period was \$0.439 million.

As of the date of filing, the projected deferred balances in the petition were based on actual data through December 31, 2012 and projected data for the period of January 1, 2013 through May 31, 2013. If approved, the net impact of adjusting the NGC, CEP and UNC components, and the SCC rates [including Sales and Use Tax ("SUT")] would be an overall annual rate increase of approximately \$46.267 million. This amount includes both the annual impact of the proposed four year amortization of the historical under-recovered balances of the NGC and the UNC components, and the going-forward cost recovery of all components for the period June 1, 2013 through May 31, 2014.

Following notices in newspapers of general circulation in ACE's service territory, and the serving of notices upon affected municipalities and counties within its service area, two separate public hearings were conducted on May 13, 2013, one at 3:30 p.m. and the other at 5:30 p.m. in Galloway Township, NJ.

## **STIPULATION**

Because the Company's filing will not be updated with actual revenues and expenses until after June 1, 2013, and additional time is needed to complete the review of the proposed rates to ensure that the costs are adequately explained, reconciled and addressed, and the resulting rates are reasonable, on May 24, 2013, the Signatory Parties entered into a Stipulation for provisional rates for the NGC, SBC, and SCC.

The Stipulation provides for the following<sup>4</sup>:

1. The Signatory Parties have determined that, because the Company's filing will not be updated with actual revenues and expenses until after June 1, 2013, additional time is needed to complete the review of the proposed rates and underlying costs for reasonableness and prudence. The Signatory Parties have agreed, however, that the implementation of provisional NGC, SBC, and SCC rates, as set forth herein, is reasonable at this time. Final rates to replace the interim rates agreed upon in the Stipulation will be determined after June 1, 2013 after further discovery, a prudence review, and the opportunity for evidentiary hearings, if necessary.

---

<sup>4</sup> Although described in this Order, should there be any conflict between this summary and the stipulation, the terms of the stipulation control, subject to the findings and conclusions contained in this Order.

2. The Board Order in BPU Docket No. ER12020173, dated June 18, 2012, approved, on a provisional basis, the NGC rate in effect since July 1, 2012. This NGC rate included a 47 month amortization of a projected under-recovered NGC balance of \$126,973,199, including interest. The Signatory Parties stipulate, acknowledge, and agree that, as updated at June 1, 2013 based on the actual balance through March 31, 2013 and estimated for the months of April 2013 to May 2013, this balance projected by the Company to be \$97,256,067 including interest (Settlement Schedule 1, page 3 of 3) and will continue to be recovered over a 36 month period. For purposes of the Stipulation, interest on the unrecovered balance will be calculated on a monthly basis using the interest rate established in BPU Docket No. ER12020173 and shown on Settlement Schedule 1, page 3 of 3. For the period of June 1, 2013 through May 31, 2014, the total estimated amount to be recovered will be approximately \$32,861,618, including interest. Settlement Schedule 1, page 1 of 3. The Signatory Parties stipulate and agree that the Company's updated filing in this proceeding indicates an under-recovered balance of \$47,811,561, including interest, at June 1, 2013, based upon the actual under-recovered deferred balance on March 31, 2013, and projected expenses for the period April 1, 2013 through May 31, 2013. Settlement Schedule 1, page 2, line 27. The Signatory Parties stipulate, acknowledge, and agree that the Company's updated filing in this proceeding indicates forecasted above-market NUG costs of \$67,849,127 for the period June 1, 2013 through May 31, 2014. The total period NGC costs that the Company proposes to recover through the provisional NGC rate equals \$148,521,305. (Settlement Schedule 1, page 1 of 3.) Accordingly, the Company will implement a provisional residential NGC rate of \$0.016730 for the period June 1, 2013 through May 31, 2014. (Settlement Schedule 1, page 1 of 3.) A final determination regarding the appropriateness of collecting interest on the NGC balances, and, if interest is recoverable, the appropriate interest rate and methodology to be applied, will be determined when final rates are set.
3. The Signatory Parties acknowledge, stipulate, and agree that the Company's updated filing in this proceeding indicates forecasted SBC costs of \$49,938,821. For the Clean Energy component of the SBC, projected costs total \$34,417,565. This total consists of \$33,608,955 of projected CEP costs for the period June 1, 2013 through May 31, 2014. (Settlement Schedule 2, page 1 of 2) and a projected under-recovered balance at May 31, 2013 of \$808,610. (Settlement Schedule 2, page 2 of 2). The forecasted total costs for the Uncollectible Account component of the SBC is \$15,521,256. This total includes \$14,669,330 of projected Uncollectible Account costs for the period June 1, 2013 through May 31, 2014. (Settlement Schedule 3, page 1 of 4) and a projected over-recovered balance at May 31, 2013 of \$1,989,171. In addition, the forecasted total Uncollectible Account costs include \$2,841,097 for the continued recovery of the Uncollectible Account under-recovered balance as agreed to by the parties in the Stipulation for Provisional Rates in BPU Docket No. ER12020173 approved by Board Order dated June 18, 2012. For the period of June 1, 2013 through May 31, 2014, the total amount to be recovered, including interest, will be approximately \$2,841,097. As agreed to in the previous stipulation, a final determination regarding the appropriateness of collecting interest and, if interest is recoverable, the appropriate interest rate and methodology, will be determined when final rates are set. The Company will implement a provisional CEP rate of \$0.003843 per kWh and a provisional UNC rate of \$0.001733 per kWh. This

represents an increase of \$0.000303 per kWh to the SBC rate (Settlement Schedule 5).

4. The Signatory Parties acknowledge, stipulate and agree that the Company's updated filing in this proceeding indicates a projected over-recovered SCC balance (as updated based on the actual balance through March 31, 2013, and estimated for the months of April 2013 to May 2013) of \$71,362 (Settlement Schedule 4, page 2 of 2.) The Signatory Parties further acknowledge, stipulate and agree that the Company's updated filing in this proceeding indicates forecasted net SCC costs of \$411,831 for the period June 1, 2013 through May 31, 2014, resulting in a total of \$340,468 to be recovered through the SCC (Settlement Schedule 4, page 1 of 2). Accordingly, the Company will implement a provisional SCC rate of \$0.000038 per kWh. This represents an increase of \$0.000028 to the SCC rate (Settlement Schedule 5).
5. According to the Company's calculation, the overall annual average monthly bill impact of the combined proposed NGC, SBC, and SCC rate changes for a residential customer using 1,000 kWh per month, results in an increase of \$4.00 or 2.20 percent.
6. The Signatory Parties further acknowledge that a Board Order approving the Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify in accordance with N.J.S.A. 48:2-40.
7. The Signatory Parties further stipulate and agree to the establishment of NGC, SBC, and SCC rates designed for recovery from the Effective Date through May 31, 2014, as delineated in the Settlement Schedules attached to the Stipulation. The rates will be designed to reconcile the deferred balances and recover forecasted costs noted in paragraphs 1 through 3 of this Stipulation. See Settlement Schedule 6 for the proposed Tariff pages incorporating the new rates. As shown in Settlement Schedule 5, the impact of the proposed rate changes for the period June 1, 2013 to May 31, 2014, including Sales and Use Tax, is an estimated annual increase of \$49.042 million related to the NGC component; an estimated annual increase of \$3.081 million related to the CEP component; an estimated annual decrease of \$0.164 million related to the Uncollectible Accounts component; and an estimated annual increase of \$0.270 million related to the SCC Component. Consequently, the overall impact of the proposed rate changes is an estimated annual increase of \$52.229 million (including Sales and Use Tax) for all components.
8. The Signatory Parties agree that the Company's next NGC/SBC/SCC update/reconciliation petition shall be filed with the Board (with a copy to be provided to Rate Counsel) at least 90 days prior to the proposed effective date of June 1, 2014. The Signatory Parties agree that ACE will make a good faith effort to re-initiate discussions with the three NUG generators, Logan, Chambers, and DRMI, regarding possible renegotiation of the NUG contracts and mitigation of the costs incurred thereunder. The Company will provide the Board with a written update on the status of such good faith efforts within 120 days after issuance of an Order adopting the terms of the Stipulation and on a quarterly basis thereafter. The initial report and any subsequent quarterly updates may be issued simultaneous with, and/or included within, the existing quarterly report

referenced below. The Company's obligation to file a quarterly on its good faith efforts shall cease if such discussions are terminated. ACE agrees to notify Board Staff and Rate Counsel of discussions are terminated. The Signatory Parties agree that ACE (i) will defer any reasonable and prudent incremental costs incurred in connection with its efforts to renegotiate the terms of the existing NUG contracts and (ii) seek recovery of such reasonable and prudent incremental costs in connection with the resolution of this docket or in the context of a subsequent proceeding. The Signatory Parties reserve their right to contest recovery for any or all of those costs. The Company reserves its right to request confidential treatment of any such submissions under existing law. The Signatory Parties further agree that ACE will continue to file quarterly reports with Board Staff and Rate Counsel, showing the actual NGC, SBC, and SCC deferred balances. The reports will also include a forecast of the deferred balance on May 31, 2014, and a variance analysis, including a narrative description of the monthly projected versus actual updated deferred balances. To the extent that the forecast shows an under- or over-recovered deferred balance of more than \$50 million at the end of the period, excluding the unamortized balances of the NGC and UNC components which are being amortized over 47 months effective July 1, 2012, the Signatory Parties agree that ACE will file a petition to update the NGC, SBC, and SCC components with an effective date prior to June 1, 2014.

#### **DISCUSSION AND FINDING**

The Board has carefully reviewed the record to date in this proceeding and the attached Stipulation which allows the Company to recover costs on a provisional basis to moderate potential billing impacts if these costs were otherwise allowed to continue to accumulate while also requiring that the Company provide additional information and recommit to renegotiation efforts on the NUG contracts.. The Board **FINDS** that, subject to the terms and conditions set forth below, the Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein. The Board **HEREBY APPROVES**, on a provisional basis, subject to refund with interest on any net over-recovered balance, an increase of the CEP component of the SBC to \$0.003843 per kWh including SUT, a decrease in the UNC component of the SBC to \$0.001733 per kWh including SUT, and an increase in the SCC component to \$0.000038. In addition, the Board **HEREBY APPROVES**, on a provisional basis, subject to refund with interest on any net over-recovered balance, an NGC rate of \$0.016730 per kWh. For an average residential customer using approximately 1,000 kWh per month, the cumulative impact of these changes represents an increase of approximately \$4.00 or 2.20% on a total monthly bill.

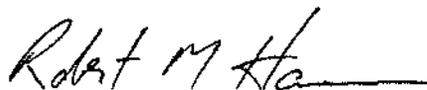
These changes shall become effective as of the date of service of this Order.

The Board **HEREBY ORDERS** ACE to file revised tariff sheets conforming to the terms of the Stipulation within five (5) days of service of this Board Order.

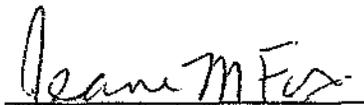
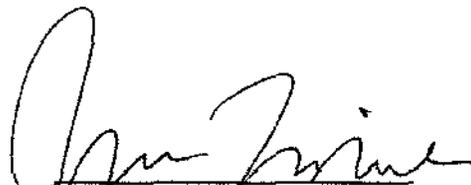
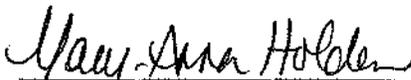
The Company's costs will remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

DATED: 5/29/13

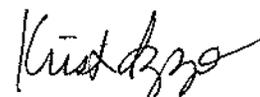
BOARD OF PUBLIC UTILITIES  
BY:



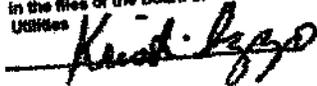
ROBERT M. HANNA  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER  
JOSEPH L. FIORDALISO  
COMMISSIONER  
MARYANNA HOLDEN  
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 Petition of Atlantic City Electric Company to Reconcile and Update the Level of its Non-Utility Generation Charge ("NGC"), its Societal Benefits Charge ("SBC") and its Systems Control Charge ("SCC") - BPU Docket No. ER13030186**

**NOTIFICATION LIST**

<b>BOARD OF PUBLIC UTILITIES</b>		
Jerome May, Director Division of Energy Board of Public Utilities 44 S. Clinton Avenue, 9 <sup>th</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350	Stacy Peterson Division of Energy Board of Public Utilities 44 S. Clinton Avenue, 9 <sup>th</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350	Kristi Izzo, Secretary Board of Public Utilities 44 S. Clinton Avenue, 9 <sup>th</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350
Rosalie Serapiglia Division of Energy Board of Public Utilities 44 S. Clinton Avenue, 9 <sup>th</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350		
<b>DIVISION OF RATE COUNSEL</b>		
Stefanie A. Brand, Esq. Director Division of Rate Counsel 140 East Front Street, 4 <sup>th</sup> Floor Post Office Box 003 Trenton, NJ 08625	Paul Flanagan, Esq. Division of Rate Counsel 140 East Front Street, 4 <sup>th</sup> Floor Post Office Box 003 Trenton, NJ 08625	Ami Morita, Esq. Division of Rate Counsel 140 East Front Street, 4 <sup>th</sup> Floor Post Office Box 003 Trenton, NJ 08625
Diane Schulze, Esq. Division of Rate Counsel 140 East Front Street, 4 <sup>th</sup> Floor Post Office Box 003 Trenton, NJ 08625		
<b>DEPARTMENT OF LAW &amp; PUBLIC SAFETY</b>		
Caroline Vachier, DAG Division of Law 124 Halsey Street Post Office Box 45029 Newark, NJ 07101	Babette Tenzer, DAG Division of Law 124 Halsey Street Post Office Box 45029 Newark, NJ 07101	Alex Moreau, DAG Division of Law 124 Halsey Street Post Office Box 45029 Newark, NJ 07101
David Wand, DAG Division of Law 124 Halsey Street Post Office Box 45029 Newark, NJ 07101		

ACE		
Philip J. Passanante, Esq. Associate General Counsel ACE- 92DC42 500 North Wakefield Drive Post Office Box 6066 Newark, DE 19714-6066	Roger E. Pedersen Manager, NJ Regulatory Affairs, External Issues and Compliance ACE- 63ML38 5100 Harding Highway Mays Landing, NJ 08330	

**IN THE MATTER OF THE PETITION OF  
ATLANTIC CITY ELECTRIC COMPANY TO  
RECONCILE AND UPDATE THE LEVEL OF  
ITS NON-UTILITY GENERATION CHARGE,  
ITS SOCIETAL BENEFITS CHARGE, AND  
ITS SYSTEM CONTROL CHARGE (2013)**

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

**STIPULATION FOR  
PROVISIONAL RATES  
(herein, the "Stipulation")**

**BPU DOCKET NO.  
ER13030186**

**APPEARANCES:**

Philip J. Passanante, Esquire, Associate General Counsel, for Atlantic City Electric Company

Paul Flanagan, Litigation Manager; Ami Morita, Deputy Rate Counsel; and Diane Schulze, Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel ("Rate Counsel") (Stefanie A. Brand, Director, Division of Rate Counsel)

Alex Moreau, Deputy Attorney General, and T. David Wand, Deputy Attorney General, on behalf of the Staff of the Board of Public Utilities ("Board Staff") (Jeffrey S. Chiesa, Attorney General of New Jersey)

**PROCEDURAL HISTORY**

On or about March 5, 2013, Atlantic City Electric Company ("ACE" or the "Company") filed a Verified Petition (the "Petition") with the New Jersey Board of Public Utilities (the "Board" or "BPU") seeking the Board's approval to reconcile and update ACE's Non-Utility Generation Charge ("NGC"), its Societal Benefits Charge ("SBC"), and its System Control Charge ("SCC"). The matter was docketed as BPU Docket No. ER13030186.

ACE's NGC provides for recovery of the above-market portion of payments made under the Company's Non-Utility Generation ("NUG") contracts. ACE's SBC was established to recover costs related to: the Universal Service Fund and Lifeline social programs; Clean Energy Programs ("CEP"); uncollectible accounts; and consumer education. The SCC was designed to recover operating costs associated with the Company's Residential Appliance Cycling Program.

The purpose of the Company's Petition was to reconcile and reset the NGC and two components of the SBC: (i) the CEP component and (ii) the "Uncollectible Accounts" component. The Company's filing also proposed to reconcile and update the SCC based upon the projected over-recovered deferred balance on May 31, 2013, and the projected program expenses for the period June 1, 2013 through May 31, 2014. As proposed, all rate changes are intended to become effective on or by June 1, 2013. Once approved and implemented, ACE anticipates that the revised rates would remain in effect for the succeeding 12 month period (or such other effective period as the Board shall order) and subject to an annual true-up and change each year thereafter.

Since the Company made its initial filing in connection with the instant proceeding, ACE updated its proposed adjustments to the NGC, the CEP and Uncollectible Accounts components of the SBC, as well as the SCC, based on projected deferred balances as of May 31, 2013, and projected expenses for the period of June 1, 2013 through May 31, 2014. The projected deferred balances include actuals through March 31, 2013.

Two separate public hearings were conducted on May 13, 2013: one at 3:30 P.M. and a second at 5:30 P.M. The hearings were held at the Galloway Township Branch of the Atlantic County Library System, 306 E. Jimmie Leeds Road, Galloway Township, New Jersey 08205, where members of the public were invited to comment on the filing.

Representatives from the Company, Board Staff, and Rate Counsel (jointly referred to herein as the "Signatory Parties") have been given an opportunity to conduct initial discovery and have participated in discussions regarding the Petition. As a result of those discussions, the Signatory Parties to this Stipulation STIPULATE AND AGREE as follows:

1. The Signatory Parties have determined that, because the Company's filing will not be updated with actual revenues and expenses until after June 1, 2013, additional time is needed to complete the review of the proposed rates and underlying costs for reasonableness and prudence. The Signatory Parties have agreed, however, that the implementation of provisional NGC, SBC, and SCC rates, as set forth herein, is reasonable at this time. Final rates to replace the interim rates agreed upon in this Stipulation will be determined after June 1, 2013 after further discovery, a prudence review and the opportunity for an evidentiary hearing, if necessary.

2. The Board Order in BPU Docket No. ER12020173, dated June 18, 2012, approved, on a provisional basis, the NGC rate in effect since July 1, 2012. This NGC rate included a 47 month amortization of a projected under-recovered NGC balance of \$126,973,199, including interest. The Signatory Parties stipulate, acknowledge, and agree that, as updated, at June 1 2013 based on the actual balance through March 31 2013, and estimated for the months of April 2013 to May 2013, this balance is projected by the Company to be \$97,256,067, including interest (**Settlement Schedule 1**, page 3 of 3) and will continue to be recovered over a 36 month period. For purposes of this Stipulation, interest on the unrecovered balance will be calculated on a monthly basis using the interest rate established in BPU Docket No. ER12020173 and shown on **Settlement Schedule 1**, page 3 of 3. For the period of June 1, 2013 through May 31, 2014, the total estimated amount to be recovered will be approximately \$32,860,618, including interest. **Settlement Schedule 1**, page 1 of 3

The Signatory Parties stipulate and agree that the Company's updated filing in this proceeding indicates an under-recovered NGC balance of \$47,811,561, including interest, at June 1, 2013, based upon the actual under-recovered deferred balance on March 31, 2013, and

projected expenses for the period April 1, 2013 through May 31, 2013. (**Settlement Schedule 1**, page 2, line 27.)

The Signatory Parties stipulate, acknowledge, and agree that the Company's updated filing in this proceeding indicates forecasted above-market NUG costs of \$67,849,127 for the period June 1, 2013 through May 31, 2014. The total period NGC costs that the Company proposes to recover through the provisional NGC rate equals \$148,521,305. (**Settlement Schedule 1**, page 1 of 3.) Accordingly, the Company will implement a provisional residential NGC rate of \$0.016730 per kWh for the period June 1, 2013 through May 31, 2014. (**Settlement Schedule 1**, page 1 of 3.) A final determination regarding the appropriateness of collecting interest on the NGC balances, and, if interest is recoverable, the appropriate interest rate and methodology to be applied, will be determined when final rates are set.

3. The Signatory Parties acknowledge, stipulate, and agree that the Company's updated filing in this proceeding indicates forecasted SBC costs of \$49,938,821. For the Clean Energy component of the SBC, projected costs total \$34,417,565. This total consists of \$33,608,955 of projected CEP costs for the period June 1, 2013 through May 31, 2014 (**Settlement Schedule 2**, page 1 of 2) and a projected under-recovered balance at May 31, 2013 of \$808,610. (**Settlement Schedule 2**, page 2 of 2.)

The forecasted total costs for the Uncollectible Account component of the SBC is \$15,521,256. This total includes \$14,669,330 of projected Uncollectible Account costs for the period June 1, 2013 through May 31, 2014 (**Settlement Schedule 3**, page 1 of 4) and a projected over-recovered balance at May 31, 2013 of \$1,989,171. In addition, the forecasted total Uncollectible Account costs include \$2,841,097 for the continued recovery of the Uncollectible Account under-recovered balance as agreed to by the parties in the Stipulation for Provisional

Rates executed in connection with BPU Docket No. ER12020173 and approved by Board Order dated June 18, 2012. For the period of June 1, 2013 through May 31, 2014, the total amount to be recovered, including interest, will be approximately \$2,841,097. A final determination regarding the appropriateness of collecting interest and, if interest is recoverable, the appropriate interest rate and methodology to be applied, will be determined when final rates are set.

The Company will implement a provisional CEP rate of \$0.003843 per kWh and a provisional UNC rate of \$0.001733 per kWh. This represents an increase of \$0.000303 per kWh to the SBC rate (**Settlement Schedule 5**).

4. The Signatory Parties acknowledge, stipulate, and agree that the Company's updated filing in this proceeding indicates a projected over-recovered SCC balance (as updated based on the actual balance through March 31, 2013, and estimated for the months of April 2013 to May 2013) of \$71,362. (**Settlement Schedule 4**, page 2 of 2.) The Signatory Parties further acknowledge, stipulate, and agree that the Company's updated filing in this proceeding indicates forecasted net SCC costs of \$411,831 for the period June 1, 2013 through May 31, 2014, resulting in a total of \$340,468 to be recovered through the SCC (**Settlement Schedule 4**, page 1 of 2). Accordingly, the Company will implement a provisional SCC rate of \$0.000038 per kWh. This represents an increase of \$0.000028 to the SCC rate (**Settlement Schedule 5**).

5. According to the Company's calculation, the overall annual average monthly bill impact of the combined proposed NGC, SBC, and SCC rate changes for a residential customer using 1,000 kWh per month, result in an increase of \$4.00 or 2.20 percent.

6. The Signatory Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order or upon such date after the service thereof as the Board may specify in accordance with N.J.S.A. 48:2-40.

7. The Signatory Parties further stipulate and agree to the establishment of NGC, SBC, and SCC rates designed for recovery from the Effective Date through May 31, 2014, as delineated in the Settlement Schedules attached to this Stipulation. The rates will be designed to reconcile the deferred balances and recover forecasted costs noted in paragraphs 1 through 4 of this Stipulation. See **Settlement Schedule 6** for the proposed Tariff pages incorporating the new rates. As shown in **Settlement Schedule 5**, the impact of the proposed rate changes for the period June 1, 2013 to May 31, 2014, including Sales and Use Tax, is an estimated annual increase of \$49.042 million related to the NGC component; an estimated annual increase of \$3.081 million related to the CEP component; an estimated annual decrease of \$0.164 million related to the Uncollectible Accounts component; and an estimated annual increase of \$0.270 million related to the SCC Component. Consequently, the overall impact of the proposed rate changes is an estimated annual increase of \$52.229 million (including Sales and Use Tax) for all components.

8. The Signatory Parties agree that the Company's next NGC/SBC/SCC update/reconciliation petition shall be filed with the Board (with a copy to be provided to Rate Counsel) at least 90 days prior to the proposed effective date of June 1, 2014. The Signatory Parties agree that ACE will make a good faith effort to re-initiate discussions with the three NUG generators, Logan, Chambers, and DRMI, regarding possible renegotiation of the NUG contracts and mitigation of the costs incurred thereunder. The Company will provide the Board with a written update regarding the status of such good faith efforts within 120 days after issuance of an Order adopting the terms of this Stipulation and on a quarterly basis thereafter. The initial report and any subsequent quarterly updates may be issued simultaneous with, and/or included within, the existing quarterly report referenced below. The Company's obligation to file a quarterly

report on its good faith efforts shall cease if such discussions are terminated. ACE agrees to notify Board Staff and Rate Counsel if discussions are terminated. The Signatory Parties agree that ACE will (i) defer any reasonable and prudent incremental costs incurred in connection with its efforts to renegotiate the terms of the existing NUG contracts and (ii) seek recovery of such reasonable and prudent incremental costs in connection with the resolution of this docket or in the context of a subsequent proceeding. The Signatory Parties reserve their right to contest recovery for any or all of those costs. The Company reserves its right to request confidential treatment of any such submissions under existing law.

The Signatory Parties further agree that ACE will continue to file quarterly reports with Board Staff and Rate Counsel, showing the actual NGC, SBC, and SCC deferred balances. The reports will also include a forecast of the deferred balance on May 31, 2014, and a variance analysis, including a narrative description, of the monthly projected versus actual updated deferred balances. To the extent that the forecast shows an under- or over-recovered deferred balance of more than \$50 million at the end of the period, excluding the unamortized balances of the NGC and UNC components which are being amortized over 47 months effective July 1, 2012, the Signatory Parties agree that ACE will file a petition to update the NGC, SBC, and SCC components with an effective date prior to June 1, 2014.

9. It is a condition of this Stipulation that the Board issue an Order approving the provisional rates agreed upon in this Stipulation on an interim basis without change or further conditions. Should the Board fail to issue such an Order, this Stipulation shall be deemed null and void and of no force and effect. In the event this condition is not satisfied for any reason, then neither the existence of this Stipulation nor its provisions shall be disclosed or utilized by any Signatory Party or person for any purpose whatsoever, including in this or any other

proceeding. The Signatory Parties agree that this Stipulation is a negotiated agreement and represents a reasonable balance of the competing interests involved in this proceeding. The contents of this Stipulation shall not in any way be considered, cited or used by any of the Signatory Parties as an indication of any Party's position on any related or other issue litigated in any other proceeding or forum, except to enforce the terms of this Stipulation. Notwithstanding anything to the contrary set forth herein, upon the occurrence of any of the following, this Stipulation shall terminate:

- (a) if the Board issues a decision disapproving the Stipulation; or
- (b) if the Board issues a written order approving this Stipulation subject to any condition or modification of the terms set forth herein that an adversely affected Signatory Party, in its discretion, finds unacceptable, then such Signatory Party shall serve notice of unacceptability on the other Signatory Parties within seven business days following receipt of such Board Order. Absent such notification, the Signatory Parties shall be deemed to have waived their respective rights to object to or appeal the acceptability of such conditions or modifications contained in the Board Order, which shall thereupon become binding on all Signatory Parties.

10. This Stipulation may be executed in any number of counterparts, each of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Signatory Parties.

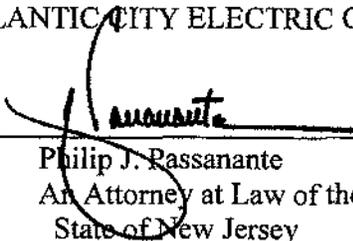
**CONCLUSION**

**WHEREFORE**, for the reasons set forth above, the Signatory Parties to this Stipulation for Provisional Rates respectfully request that the Board approve and adopt this Stipulation in its entirety and issue an Order on Provisional Rates adopting this Stipulation in this proceeding and determining that each of the issues outlined in the above-captioned proceeding have been adequately and appropriately resolved.

Respectfully submitted,

ATLANTIC CITY ELECTRIC COMPANY

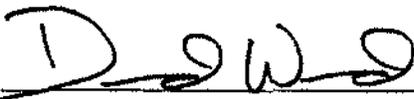
Dated: May 24, 2013

By:   
Philip J. Passanante  
An Attorney at Law of the  
State of New Jersey

Associate General Counsel  
500 North Wakefield Drive, 92DC42  
P.O. Box 6066  
Newark, DE 19714-6066  
(302) 429-3105 - Telephone  
(302) 429-3801 - Facsimile  
philip.passanante@pepcoholdings.com

JEFFREY S. CHIESA  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the  
New Jersey Board of Public Utilities

Dated: 5/24/13

By:   
T. David Wand  
Deputy Attorney General

DIVISION OF RATE COUNSEL  
Stefanie A. Brand  
Director

Dated:

By: \_\_\_\_\_  
Diane Schulze  
Assistant Deputy Rate Counsel

JEFFREY S. CHIESA  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the  
New Jersey Board of Public Utilities

Dated:

By: \_\_\_\_\_  
T. David Wand  
Deputy Attorney General

DIVISION OF RATE COUNSEL  
Stefanie A. Brand  
Director

Dated:

By: Diane Schulze  
Diane Schulze  
Assistant Deputy Rate Counsel

# Settlement Schedule 1

Atlantic City Electric Company  
Net Non-Utility Generation Charge (NGC) Rate Design  
Rates Effective For Period June 2013 - May 2014  
Updated for Actuals through March 2013

Line	Table 1	Forecasted NUG Costs	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-13 to May-14
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									
34									
35									
36									
37									
38									
39									
40									
41									
42									
43									
44									
45									
46									
47									

Rate Class	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
RS	1,08544	4,464,452,878	4,845,968,730	0.4677	69,496,820	0.015558	0.000078	0.015526	0.016730
MGS Secondary	1,08544	1,208,766,721	1,312,043,750	0.1266	18,805,530	0.015538	0.000078	0.015638	0.016730
MGE Primary	1,05345	16,581,445	17,467,723	0.0017	250,366	0.015099	0.000076	0.015175	0.016237
AGS Secondary	1,08544	2,007,144,894	2,178,835,137	0.2102	31,226,558	0.015538	0.000078	0.015638	0.016730
AGS Primary	1,05345	589,906,387	621,436,883	0.0600	8,907,108	0.015099	0.000078	0.015175	0.016237
TGS	1,02951	1,253,330,110	1,280,315,852	0.1245	16,494,203	0.014756	0.000074	0.014830	0.015868
SPL/CSL	1,08544	76,012,328	82,506,821	0.0080	1,182,577	0.015538	0.000078	0.015638	0.016730
DDC	1,08544	12,742,654	13,831,386	0.0013	188,246	0.015538	0.000078	0.015638	0.016730
Total		9,826,937,215	10,362,133,312	1.0000	148,521,305				

Table 2	NGC Rate with Voltage Level Loss Adjustment
Voltage Levels	Loss Factor
Secondary (120 - 480 Volts)	1.05544
Primary (6,000 & 12,000 Volts)	1.05345
Subtransmission (23,000 & 34,500 Volts)	1.03381
Transmission (69,000 Volts)	1.02951



Atlantic City Electric Company  
Amortization of Under Recovered NSG Balance  
Amortization for Period July 2012 to May 2016  
Amortization Rate to be Effective For Period July 2012 - May 2016  
Updated for Actuals through March 2013

Line	Period	Deferral Starting Balance	Month	Starting Balance	Total Monthly Amortization	Interest	Ending Balance
1	Jul-12	\$ 126,973,199		\$ 126,973,199	\$ 2,701,557	\$ 57,082	\$ 124,271,641
2	Aug-12	\$ 124,271,641		\$ 124,271,641	\$ 2,701,557	\$ 55,655	\$ 121,570,084
3	Sep-12	\$ 121,570,084		\$ 121,570,084	\$ 2,701,557	\$ 54,627	\$ 118,868,527
4	Oct-12	\$ 118,868,527		\$ 118,868,527	\$ 2,701,557	\$ 53,400	\$ 116,166,969
5	Nov-12	\$ 116,166,969		\$ 116,166,969	\$ 2,701,557	\$ 52,172	\$ 113,465,412
6	Dec-12	\$ 113,465,412		\$ 113,465,412	\$ 2,701,557	\$ 50,945	\$ 110,763,854
7	Jan-13	\$ 110,763,854		\$ 110,763,854	\$ 2,701,557	\$ 49,717	\$ 108,062,297
8	Feb-13	\$ 108,062,297		\$ 108,062,297	\$ 2,701,557	\$ 48,489	\$ 105,360,739
9	Mar-13	\$ 105,360,739		\$ 105,360,739	\$ 2,701,557	\$ 47,262	\$ 102,659,182
10	Apr-13	\$ 102,659,182		\$ 102,659,182	\$ 2,701,557	\$ 46,034	\$ 99,957,625
11	May-13	\$ 99,957,625		\$ 99,957,625	\$ 2,701,557	\$ 44,807	\$ 97,256,067
12	Jun-13	\$ 97,256,067		\$ 97,256,067	\$ 2,701,557	\$ 43,579	\$ 94,554,510
13	Jul-13	\$ 94,554,510		\$ 94,554,510	\$ 2,701,557	\$ 42,352	\$ 91,852,952
14	Aug-13	\$ 91,852,952		\$ 91,852,952	\$ 2,701,557	\$ 41,124	\$ 89,151,395
15	Sep-13	\$ 89,151,395		\$ 89,151,395	\$ 2,701,557	\$ 39,896	\$ 86,449,838
16	Oct-13	\$ 86,449,838		\$ 86,449,838	\$ 2,701,557	\$ 38,669	\$ 83,748,280
17	Nov-13	\$ 83,748,280		\$ 83,748,280	\$ 2,701,557	\$ 37,441	\$ 81,046,723
18	Dec-13	\$ 81,046,723		\$ 81,046,723	\$ 2,701,557	\$ 36,214	\$ 78,345,165
19	Jan-14	\$ 78,345,165		\$ 78,345,165	\$ 2,701,557	\$ 34,986	\$ 75,643,608
20	Feb-14	\$ 75,643,608		\$ 75,643,608	\$ 2,701,557	\$ 33,758	\$ 72,942,050
21	Mar-14	\$ 72,942,050		\$ 72,942,050	\$ 2,701,557	\$ 32,531	\$ 70,240,493
22	Apr-14	\$ 70,240,493		\$ 70,240,493	\$ 2,701,557	\$ 31,303	\$ 67,538,935
23	May-14	\$ 67,538,935		\$ 67,538,935	\$ 2,701,557	\$ 30,076	\$ 64,837,378
24	Jun-14	\$ 64,837,378		\$ 64,837,378	\$ 2,701,557	\$ 28,848	\$ 62,135,821
25	Jul-14	\$ 62,135,821		\$ 62,135,821	\$ 2,701,557	\$ 27,621	\$ 59,434,263
26	Aug-14	\$ 59,434,263		\$ 59,434,263	\$ 2,701,557	\$ 26,393	\$ 56,732,706
27	Sep-14	\$ 56,732,706		\$ 56,732,706	\$ 2,701,557	\$ 25,165	\$ 54,031,148
28	Oct-14	\$ 54,031,148		\$ 54,031,148	\$ 2,701,557	\$ 23,938	\$ 51,329,591
29	Nov-14	\$ 51,329,591		\$ 51,329,591	\$ 2,701,557	\$ 22,710	\$ 48,628,034
30	Dec-14	\$ 48,628,034		\$ 48,628,034	\$ 2,701,557	\$ 21,483	\$ 45,926,476
31	Jan-15	\$ 45,926,476		\$ 45,926,476	\$ 2,701,557	\$ 20,255	\$ 43,224,919
32	Feb-15	\$ 43,224,919		\$ 43,224,919	\$ 2,701,557	\$ 19,027	\$ 40,523,361
33	Mar-15	\$ 40,523,361		\$ 40,523,361	\$ 2,701,557	\$ 17,800	\$ 37,821,804
34	Apr-15	\$ 37,821,804		\$ 37,821,804	\$ 2,701,557	\$ 16,572	\$ 35,120,246
35	May-15	\$ 35,120,246		\$ 35,120,246	\$ 2,701,557	\$ 15,345	\$ 32,418,689
36	Jun-15	\$ 32,418,689		\$ 32,418,689	\$ 2,701,557	\$ 14,117	\$ 29,717,132
37	Jul-15	\$ 29,717,132		\$ 29,717,132	\$ 2,701,557	\$ 12,890	\$ 27,015,574
38	Aug-15	\$ 27,015,574		\$ 27,015,574	\$ 2,701,557	\$ 11,662	\$ 24,314,017
39	Sep-15	\$ 24,314,017		\$ 24,314,017	\$ 2,701,557	\$ 10,434	\$ 21,612,459
40	Oct-15	\$ 21,612,459		\$ 21,612,459	\$ 2,701,557	\$ 9,207	\$ 18,910,902
41	Nov-15	\$ 18,910,902		\$ 18,910,902	\$ 2,701,557	\$ 7,979	\$ 16,209,345
42	Dec-15	\$ 16,209,345		\$ 16,209,345	\$ 2,701,557	\$ 6,752	\$ 13,507,787
43	Jan-16	\$ 13,507,787		\$ 13,507,787	\$ 2,701,557	\$ 5,524	\$ 10,806,230
44	Feb-16	\$ 10,806,230		\$ 10,806,230	\$ 2,701,557	\$ 4,297	\$ 8,104,672
45	Mar-16	\$ 8,104,672		\$ 8,104,672	\$ 2,701,557	\$ 3,069	\$ 5,403,115
46	Apr-16	\$ 5,403,115		\$ 5,403,115	\$ 2,701,557	\$ 1,841	\$ 2,701,557
47	May-16	\$ 2,701,557		\$ 2,701,557	\$ 2,701,557	\$ 614	\$ 0
48	Jun-16	\$ 0		\$ 0	\$ 2,701,557	\$ 0	\$ 0

Notes:  
1) Monthly Amortizations = Amortization Balance Per Year / 12 Months (Adjusted for 47 month Amortization)  
2) Interest = Average Monthly Balance \* Interest Rate Per Month  
Average Monthly Balance = (Prior Month Balance + Current Month Balance) / 2  
Interest Rate Per Month = Interest Rate (After Tax) / 12 months

# Settlement Schedule 2

<u>Line No.</u>					
1	<b>Table 1</b>	<b>Projected Comprehensive Resource Analysis Program Expenditures June 2013 - May 2014</b>			
2					
3		<u>Month</u>	<u>Projected Expenditure</u>		
4					
5		Jun-13	\$ 2,757,545		=Line 23
6		Jul-13	\$ 2,804,674		=Line 26
7		Aug-13	\$ 2,804,674		=Line 26
8		Sep-13	\$ 2,804,674		=Line 26
9		Oct-13	\$ 2,804,674		=Line 26
10		Nov-13	\$ 2,804,674		=Line 26
11		Dec-13	\$ 2,804,674		=Line 26
12		Jan-14	\$ 2,804,674		=Line 26
13		Feb-14	\$ 2,804,674		=Line 26
14		Mar-14	\$ 2,804,674		=Line 26
15		Apr-14	\$ 2,804,674		=Line 26
16		May-14	\$ 2,804,670		=Line 26
17					
18		<b>Total</b>	<b>\$ 33,608,955</b>		
19					
20					
21		<i>Per NJBPU EO07030203 Order dated 9/30/2008 2012 Annual Expenditure</i>	\$ 33,608,955		
22		<i>Less June 2013 directly from NJBPU Request For Public Comment</i>			
23		<i>dated August 17, 2012</i>	\$ 2,757,545		
24		Annual Funding Level Year 2013 less June 2013 above	\$ 30,851,410	=Line 21 - Line 23	
25		Number of Months	11		
26		Monthly Funding Level for July 2013 to May 2014	\$ 2,804,674	=Line 24 / Line 25	
27					
28					
29	<b>Table 2</b>	<b>Clean Energy Program Funding Rate Design June 2013 - May 2014</b>			
30					
31		Total Period Expenditures	\$ 33,608,955	=Line 18	
32		Recovery of NJ Clean Energy Program Funding Deferral Balance	\$ 808,610	Settlement Schedule 2, Page 2, Col 7 Row 27	
33		Total Clean Energy Program Recovery	\$ 34,417,565	=Line 31 + Line 32	
34		Projected Delivered Sales June 2013 - May 2014	9,628,937,215		
35		Clean Energy Program Funding Rate (\$/kWh)	\$ 0.003574		
36		BPU Assessment	\$ 0.000018		
37		Rate without SUT (\$/kWh)	\$ 0.003592		
38		Rate including SUT (\$/kWh)	\$ 0.003843		

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12
Line No.	Month	Revenues	Expenses	Deferral	Pre-Tax Deferral Cumulative	Interest Rollover	After-Tax Deferral Cumulative	After-Tax Average Monthly Balance	Annual Interest Rate	Interest	
1	Actual Jun-11	\$ 581,498	\$ 2,362,988	\$ (1,781,490)	\$ 25,479,330		\$ 15,071,024	\$ 15,597,899	0.31%	\$ 4,022	
2	Actual Jul-11	\$ 733,750	\$ 2,630,419	\$ (1,896,669)	\$ 23,582,681		\$ 13,949,144	\$ 14,510,084	0.29%	\$ 3,534	
3	Actual Aug-11	\$ 797,212	\$ 3,004,616	\$ (2,207,405)	\$ 21,439,338	\$ 64,082	\$ 12,681,369	\$ 13,315,256	0.34%	\$ 3,811	
4	Actual Sep-11	\$ 678,580	\$ 2,844,922	\$ (2,166,343)	\$ 19,272,996		\$ 11,399,977	\$ 12,040,673	0.30%	\$ 3,010	
5	Actual Oct-11	\$ 527,486	\$ 2,344,880	\$ (1,817,395)	\$ 17,455,601		\$ 10,324,988	\$ 10,862,482	0.64%	\$ 5,773	
6	Actual Nov-11	\$ 451,383	\$ 1,913,584	\$ (1,462,201)	\$ 15,993,400		\$ 9,460,096	\$ 9,892,542	0.66%	\$ 5,446	
7	Actual Dec-11	\$ 502,342	\$ 2,420,775	\$ (1,918,433)	\$ 14,074,967		\$ 8,325,343	\$ 8,892,719	0.72%	\$ 5,317	
8	Actual Jan-12	\$ 544,711	\$ 2,360,621	\$ (1,815,910)	\$ 12,259,056		\$ 7,251,232	\$ 7,788,287	0.83%	\$ 5,388	
9	Actual Feb-12	\$ 502,605	\$ 2,886,631	\$ (2,184,026)	\$ 10,075,031		\$ 5,959,381	\$ 6,805,306	0.85%	\$ 4,662	
10	Actual Mar-12	\$ 488,522	\$ 2,792,019	\$ (2,303,497)	\$ 7,771,533		\$ 4,586,862	\$ 5,278,121	0.90%	\$ 3,939	
11	Actual Apr-12	\$ 448,306	\$ 2,434,547	\$ (1,986,241)	\$ 5,785,292		\$ 3,422,000	\$ 4,009,431	0.92%	\$ 3,080	
12	Actual May-12	\$ 470,052	\$ 2,360,073	\$ (1,890,020)	\$ 3,895,272		\$ 2,304,053	\$ 2,863,027	0.42%	\$ 994	
13	Actual Jun-12	\$ 554,712	\$ 2,760,736	\$ (2,206,025)	\$ 1,689,248		\$ 999,190	\$ 1,651,622	0.41%	\$ 571	
14	Actual Jul-12	\$ 2,278,526	\$ 3,255,781	\$ (977,256)	\$ 711,992		\$ 421,143	\$ 710,167	0.42%	\$ 248	
15	Actual Aug-12	\$ 3,738,471	\$ 3,696,830	\$ 41,640	\$ 795,872	\$ 42,240	\$ 470,758	\$ 445,951	0.41%	\$ 154	
16	Actual Sep-12	\$ 3,276,240	\$ 3,439,458	\$ (163,218)	\$ 632,654		\$ 374,215	\$ 422,487	0.41%	\$ 146	
17	Actual Oct-12	\$ 2,411,918	\$ 2,879,128	\$ (467,210)	\$ 165,444		\$ 97,860	\$ 236,038	0.42%	\$ 82	
18	Actual Nov-12	\$ 2,084,228	\$ 2,227,465	\$ (143,237)	\$ 22,208		\$ 13,136	\$ 55,498	0.42%	\$ 19	
19	Actual Dec-12	\$ 2,763,344	\$ 2,481,436	\$ 281,908	\$ 309,483	\$ 5,367	\$ 183,059	\$ 232,371	0.41%	\$ 442	
20	Actual Jan-13	\$ 2,487,573	\$ 2,658,157	\$ (170,585)	\$ 138,898		\$ 82,158	\$ 132,609	0.39%	\$ 43	
21	Actual Feb-13	\$ 2,393,326	\$ 2,797,770	\$ (404,444)	\$ (265,546)		\$ (157,070)	\$ (37,456)	0.36%	\$ (11)	
22	Actual Mar-13	\$ 2,406,407	\$ 2,618,146	\$ (211,739)	\$ (477,285)		\$ (282,314)	\$ (219,692)	0.36%	\$ (65)	
23	Projected Apr-13	\$ 2,319,831	\$ 2,428,087	\$ (108,256)	\$ (585,541)		\$ (346,347)	\$ (314,331)	0.36%	\$ (93)	
24	Projected May-13	\$ 2,223,629	\$ 2,447,292	\$ (223,663)	\$ (809,204)		\$ (478,644)	\$ (412,496)	0.36%	\$ (123)	
25											
26	Total Interest Aug2012-May2013				\$ 594					\$ 594	
27	Total Over/(Under) Recovered Balance				\$ (808,610)						

# Settlement Schedule 3

Line No.			
1	Projected Uncollectible Expense (June 2013 - May 2014)	\$ 14,669,330	Settlement Schedule 3, Page 4 Line 15
2			
3	Projected Over Recovered Balance At May 2013	\$ (1,989,171)	Settlement Schedule 3 Page 2, Column 7 Line 27
4			
5	Annual Levelized Recovery at June 2013 Balance (Amortization ending May 2016)	\$ 2,802,888	Settlement Schedule 3 Page 3, Column 3 Line 11
6	Interest on UNC Balance being Amortized June 2013 - May 2014	\$ 38,209	Settlement Schedule 3 Page 3, Column 4 Line 11
7	Total Estimated Balance Recovery June 2013 - May 2014	\$ 2,841,097	
8			
9	Total Uncollectible Recovery	\$ 15,521,256	Line 1 + Line 3 + Line 7 .
10			
11	Projected Delivered Sales June 2013 - May 2014	9,628,937,215	
12	Uncollectible Rate (\$/kWh)	\$ 0.001612	
13	BPU/RPA Revenue Assessment	\$ 0.000008	
14	Final Uncollectible Rate (\$/kWh)	\$ 0.001620	
15	Final Uncollectible Rate including SUT (\$/kWh)	\$ 0.001733	

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6a	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12
Line No.	Month	Uncollectible Accounts Revenues	Uncollectible Accounts Expenses	Prior Period & Stipulated Adjustments Expenses Are (-)	Net Uncollectible Deferral	Pre-Tax Cumulative Deferral	Interest Rollover	After-Tax Deferral Cumulative	After-Tax Average Monthly Balance	Annual Interest Rate	Interest	
1	Actual Jun-11	\$ 1,252,647	\$ 471,029	\$ -	\$ 781,617	\$ (12,373,224)		\$ (7,318,762)	\$ (7,549,926)	0.31%	\$ (1,947)	
2	Actual Jul-11	\$ 1,582,434	\$ 1,055,709	\$ -	\$ 526,725	\$ (11,846,499)		\$ (7,007,204)	\$ (7,162,983)	0.29%	\$ (1,745)	
3	Actual Aug-11	\$ 1,718,771	\$ 1,242,100	\$ -	\$ 476,671	\$ (11,395,785)	\$ (25,956)	\$ (6,740,807)	\$ (6,873,906)	0.34%	\$ (1,968)	
4	Actual Sep-11	\$ 1,452,920	\$ 2,479,604	\$ -	\$ (1,016,684)	\$ (12,412,469)		\$ (7,341,975)	\$ (7,041,291)	0.30%	\$ (1,760)	
5	Actual Oct-11	\$ 1,134,547	\$ 670,190	\$ -	\$ 464,358	\$ (11,948,111)		\$ (7,067,308)	\$ (7,204,641)	0.64%	\$ (3,829)	
6	Actual Nov-11	\$ 972,264	\$ 580,111	\$ -	\$ 412,153	\$ (11,535,958)		\$ (6,823,519)	\$ (6,945,413)	0.66%	\$ (3,823)	
7	Actual Dec-11	\$ 1,081,881	\$ 1,565,218	\$ -	\$ (483,337)	\$ (12,019,295)		\$ (7,109,413)	\$ (6,966,466)	0.72%	\$ (4,165)	
8	Actual Jan-12	\$ 1,172,398	\$ 877,177	\$ -	\$ 295,221	\$ (11,724,075)		\$ (6,934,790)	\$ (7,022,102)	0.83%	\$ (4,858)	
9	Actual Feb-12	\$ 1,081,931	\$ 787,435	\$ -	\$ 294,496	\$ (11,429,578)		\$ (6,760,595)	\$ (6,847,693)	0.85%	\$ (4,833)	
10	Actual Mar-12	\$ 1,052,880	\$ 1,163,460	\$ -	\$ (110,580)	\$ (11,540,158)		\$ (6,826,004)	\$ (6,793,300)	0.90%	\$ (5,070)	
11	Actual Apr-12	\$ 965,953	\$ 677,902	\$ -	\$ 288,051	\$ (11,252,108)		\$ (6,655,622)	\$ (6,740,813)	0.92%	\$ (5,178)	
12	Actual May-12	\$ 1,012,341	\$ 683,793	\$ -	\$ 328,548	\$ (10,923,559)		\$ (6,461,285)	\$ (6,558,453)	0.42%	\$ (2,278)	
13	Actual Jun-12	\$ 1,195,543	\$ (133,754)	\$ -	\$ 1,329,297	\$ (9,594,263)		\$ (5,675,006)	\$ (6,068,146)	0.41%	\$ (2,098)	
14	Actual Jul-12	\$ 1,640,711	\$ 1,319,776	\$ 10,739,470	\$ 11,060,405	\$ 1,456,142		\$ 867,223	\$ 842,846	0.42%	\$ 295	
15	Actual Aug-12	\$ 1,863,821	\$ 1,445,414	\$ (238,403)	\$ 180,004	\$ 1,606,580	\$ (39,566)	\$ 950,292	\$ 908,758	0.41%	\$ 313	
16	Actual Sep-12	\$ 1,626,660	\$ 3,671,423	\$ (238,297)	\$ (2,283,060)	\$ (676,480)		\$ (400,138)	\$ 275,077	0.41%	\$ 95	
17	Actual Oct-12	\$ 1,197,694	\$ 807,036	\$ (238,191)	\$ 152,467	\$ (524,012)		\$ (309,953)	\$ (355,046)	0.42%	\$ (123)	
18	Actual Nov-12	\$ 1,035,369	\$ 703,158	\$ (238,085)	\$ 94,146	\$ (429,867)		\$ (254,286)	\$ (282,110)	0.42%	\$ (98)	
19	Actual Dec-12	\$ 1,305,895	\$ (238,943)	\$ (237,979)	\$ 1,306,659	\$ 878,061	\$ 1,288	\$ 519,373	\$ 178,993	0.41%	\$ 185	
20	Actual Jan-13	\$ 1,235,688	\$ 878,370	\$ (237,873)	\$ 119,445	\$ 997,507		\$ 580,026	\$ 554,689	0.39%	\$ 181	
21	Actual Feb-13	\$ 1,188,640	\$ 836,690	\$ (237,766)	\$ 114,184	\$ 1,111,691		\$ 657,565	\$ 623,795	0.36%	\$ 185	
22	Actual Mar-13	\$ 1,195,471	\$ (179,191)	\$ (237,660)	\$ 1,137,002	\$ 2,248,693		\$ 1,330,102	\$ 993,833	0.36%	\$ 296	
23	Projected Apr-13	\$ 1,152,369	\$ 1,059,884	\$ (237,554)	\$ (145,069)	\$ 2,103,623		\$ 1,244,293	\$ 1,287,197	0.36%	\$ 383	
24	Projected May-13	\$ 1,104,581	\$ 983,361	\$ (237,448)	\$ (116,228)	\$ 1,987,395		\$ 1,175,544	\$ 1,209,919	0.36%	\$ 360	
25												
26	Total Interest Aug2012-May2013					\$ 1,776					\$ 1,776	
27	Total Over/(Under) Recovered Balance					\$ 1,989,171						

**Atlantic City Electric Company**

Amortization of Under Recovered UNC Balances

Amortization for Period July 2012 to May 2016

Amortization Rate to be Effective For Period July 2012 - May 2016

Updated for Actuals through March 2013

Settlement Schedule 3

Page 3 of 4

Line						
1	Total Under Recovered UNC Balance	\$	10,977,980	Settlement ER12020173 Schedule 3 Page 3 of 4		
2						
3	Interest Rate (Pre-Tax)		0.92%	Settlement ER12020173 Schedule 3 Page 3 of 4		
4	Interest Rate (After-Tax)		0.55%	Settlement ER12020173 Schedule 3 Page 3 of 4		
5	Amortization Period (Years)		3.9	Settlement ER12020173 Schedule 3 Page 3 of 4		
6						
7						
8	UNC Annual Balance Per Year	\$	2,802,888	Settlement ER12020173 Schedule 3 Page 3 of 4		
9		Column Totals	\$ 10,977,980	\$ 117,227		
10	Col. 1	Col. 2	To	Col. 3	Col. 4	Col. 5
11	June 2013 to May 2014 (Sum Line 26 to Line 37)		\$ 2,802,888	\$ 38,209		
12		Total	Total Monthly	Total	Total	
13	Period	Month	Starting Balance	Amortization	Interest	Ending Balance
14		Deferral Starting Balance				\$ 10,977,980
15	1	Jul-12	\$ 10,977,980	\$ 233,574	\$ 4,935	\$ 10,744,406
16	2	Aug-12	\$ 10,744,406	\$ 233,574	\$ 4,829	\$ 10,510,832
17	3	Sep-12	\$ 10,510,832	\$ 233,574	\$ 4,723	\$ 10,277,258
18	4	Oct-12	\$ 10,277,258	\$ 233,574	\$ 4,617	\$ 10,043,683
19	5	Nov-12	\$ 10,043,683	\$ 233,574	\$ 4,511	\$ 9,810,109
20	6	Dec-12	\$ 9,810,109	\$ 233,574	\$ 4,405	\$ 9,576,535
21	7	Jan-13	\$ 9,576,535	\$ 233,574	\$ 4,298	\$ 9,342,961
22	8	Feb-13	\$ 9,342,961	\$ 233,574	\$ 4,192	\$ 9,109,387
23	9	Mar-13	\$ 9,109,387	\$ 233,574	\$ 4,086	\$ 8,875,813
24	10	Apr-13	\$ 8,875,813	\$ 233,574	\$ 3,980	\$ 8,642,239
25	11	May-13	\$ 8,642,239	\$ 233,574	\$ 3,874	\$ 8,408,665
26	12	Jun-13	\$ 8,408,665	\$ 233,574	\$ 3,768	\$ 8,175,091
27	13	Jul-13	\$ 8,175,091	\$ 233,574	\$ 3,662	\$ 7,941,517
28	14	Aug-13	\$ 7,941,517	\$ 233,574	\$ 3,556	\$ 7,707,943
29	15	Sep-13	\$ 7,707,943	\$ 233,574	\$ 3,449	\$ 7,474,369
30	16	Oct-13	\$ 7,474,369	\$ 233,574	\$ 3,343	\$ 7,240,795
31	17	Nov-13	\$ 7,240,795	\$ 233,574	\$ 3,237	\$ 7,007,221
32	18	Dec-13	\$ 7,007,221	\$ 233,574	\$ 3,131	\$ 6,773,647
33	19	Jan-14	\$ 6,773,647	\$ 233,574	\$ 3,025	\$ 6,540,073
34	20	Feb-14	\$ 6,540,073	\$ 233,574	\$ 2,919	\$ 6,306,499
35	21	Mar-14	\$ 6,306,499	\$ 233,574	\$ 2,813	\$ 6,072,925
36	22	Apr-14	\$ 6,072,925	\$ 233,574	\$ 2,706	\$ 5,839,351
37	23	May-14	\$ 5,839,351	\$ 233,574	\$ 2,600	\$ 5,605,777
38	24	Jun-14	\$ 5,605,777	\$ 233,574	\$ 2,494	\$ 5,372,203
39	25	Jul-14	\$ 5,372,203	\$ 233,574	\$ 2,388	\$ 5,138,629
40	26	Aug-14	\$ 5,138,629	\$ 233,574	\$ 2,282	\$ 4,905,055
41	27	Sep-14	\$ 4,905,055	\$ 233,574	\$ 2,176	\$ 4,671,481
42	28	Oct-14	\$ 4,671,481	\$ 233,574	\$ 2,070	\$ 4,437,907
43	29	Nov-14	\$ 4,437,907	\$ 233,574	\$ 1,964	\$ 4,204,333
44	30	Dec-14	\$ 4,204,333	\$ 233,574	\$ 1,857	\$ 3,970,759
45	31	Jan-15	\$ 3,970,759	\$ 233,574	\$ 1,751	\$ 3,737,185
46	32	Feb-15	\$ 3,737,185	\$ 233,574	\$ 1,645	\$ 3,503,611
47	33	Mar-15	\$ 3,503,611	\$ 233,574	\$ 1,539	\$ 3,270,036
48	34	Apr-15	\$ 3,270,036	\$ 233,574	\$ 1,433	\$ 3,036,462
49	35	May-15	\$ 3,036,462	\$ 233,574	\$ 1,327	\$ 2,802,888
50	36	Jun-15	\$ 2,802,888	\$ 233,574	\$ 1,221	\$ 2,569,314
51	37	Jul-15	\$ 2,569,314	\$ 233,574	\$ 1,114	\$ 2,335,740
52	38	Aug-15	\$ 2,335,740	\$ 233,574	\$ 1,008	\$ 2,102,166
53	39	Sep-15	\$ 2,102,166	\$ 233,574	\$ 902	\$ 1,868,592
54	40	Oct-15	\$ 1,868,592	\$ 233,574	\$ 796	\$ 1,635,018
55	41	Nov-15	\$ 1,635,018	\$ 233,574	\$ 690	\$ 1,401,444
56	42	Dec-15	\$ 1,401,444	\$ 233,574	\$ 584	\$ 1,167,870
57	43	Jan-16	\$ 1,167,870	\$ 233,574	\$ 478	\$ 934,296
58	44	Feb-16	\$ 934,296	\$ 233,574	\$ 371	\$ 700,722
59	45	Mar-16	\$ 700,722	\$ 233,574	\$ 265	\$ 467,148
60	46	Apr-16	\$ 467,148	\$ 233,574	\$ 159	\$ 233,574
61	47	May-16	\$ 233,574	\$ 233,574	\$ 53	\$ 0
62	48	Jun-16	\$ 0	\$ -	\$ 0	\$ 0

Notes: 1) Monthly Amortizations = Amortization Balance Per Year / 12 Months  
 2) Interest = Average Monthly Balance \* Interest Rate Per Month  
 Average Monthly Balance = (Prior Month Balance + Current Month Balance) / 2  
 Interest Rate Per Month = Interest Rate (After Tax) / 12 months

Forecasted Uncollectible Expense

Line No.	Month	Total Billed Revenues	Uncollectible Rate	Uncollectible Expense
1				
2	Jun-13	\$ 106,019,288	1.113%	\$ 1,179,995
3	Jul-13	\$ 141,237,015	1.113%	\$ 1,571,968
4	Aug-13	\$ 153,362,491	1.113%	\$ 1,706,925
5	Sep-13	\$ 137,837,746	1.113%	\$ 1,534,134
6	Oct-13	\$ 97,133,719	1.113%	\$ 1,081,098
7	Nov-13	\$ 86,833,298	1.113%	\$ 966,455
8	Dec-13	\$ 97,276,423	1.113%	\$ 1,082,687
9	Jan-14	\$ 113,299,565	1.113%	\$ 1,261,024
10	Feb-14	\$ 105,032,973	1.113%	\$ 1,169,017
11	Mar-14	\$ 100,373,921	1.113%	\$ 1,117,162
12	Apr-14	\$ 92,862,572	1.113%	\$ 1,033,560
13	May-14	\$ 86,730,096	1.113%	\$ 965,306
14				
15	Total Period			\$ 14,669,330

# Settlement Schedule 4

Line No.	Table 1 Summary of Estimated Program Expenditures June 2013 - May 2014		
	<b>Residential Program</b>		
1	Residential AC Customers	17,000	
2	Residential Water Heating Customers	6,000	
3	Assumed Cycling Events	4	
4	Number of Billing Credit Months	4	
5	Credit per Month per Device	\$ 1.50	
6	Credit per Event	\$ 1.50	
7			
8	Calculation of Total Residential Credit		
9	Billing Credit	\$ 138,000	=(Line 1 +Line 2) x Line 4 x Line 5
10	Cycling Credit	\$ 138,000	=(Line 1 +Line 2) x Line 3 x Line 6
11	Total Residential Credit	\$ 276,000	=Line 9 + Line 10
12			
13			
14	<b>Commercial Program</b>		
15	Commercial Load Drop (kW)	5,318	
16			
17	Assumed Cycling Events	4	
18	Number of Billing Credit Months	4	
19	Credit per Month per kW	\$ 1.50	
20	Credit per Event	\$ 1.50	
21			
22	Calculation of Total Commercial Credit		
23	Billing Credit	\$ 31,896	=Line 15 x Line 18 x Line 19
24	Cycling Credit	\$ 31,896	=Line 15 x Line 17 x Line 20
25	Total Commercial Credit	\$ 63,792	=Line 23 + Line 24
26			
27	Total Residential and Commercial Credit Annually	\$ 339,792	=Line 11 + Line 25
28	Maintenance Contract Annually (12 Months)	\$ 72,039	
29			
30	Total Projected Expenditure June 2013 - May 2014 (Title Corrected)	\$ 411,831	=Line 27 + Line 28

Line No.	Table 2 System Control Charge Rate Design June 2013 - May 2014 (Title Corrected)		
35	Projected Program Costs June 2013 - May 2014	\$ 411,831	=Line 30
36	Recovery of Deferral Balance	\$ (71,362)	Settlement Schedule 4, Page 2 Col 7 Line 27
37	Total System Control Charge Recovery	\$ 340,469	=+Line35 + Line36
38	Projected Delivered Sales June 2013 -May 2014	9,828,937,215	
39	System Control Charge (\$/kWh)	\$ 0.000035	
40	BPU Assessment	\$ 0.000000	
41	Rate without SUT (\$/kWh)	\$ 0.000035	
42	Rate including SUT (\$/kWh)	\$ 0.000038	



# Settlement Schedule 5

Atlantic City Electric Company  
Estimated Impact of Proposed Rate Changes  
Rates Effective For Period June 2013 - May 2014  
Updated for Actuals through March 2013

Rate Class	Annualized Sales (MWh)	Present Rates (Effective Date: January 1, 2013)										Proposed Rates									
		NGC Rates Summer RS in rate Effective July 1, 2012					NGC Rates Winter RS in rate Effective October 1, 2012					System Control Charge					System Control Charge				
RS Summer	1,802,271,059	NGC	Clean Energy	Uncollectible	System Control Charge	NGC	Clean Energy	Uncollectible	System Control Charge	NGC	Clean Energy	Uncollectible	System Control Charge	NGC	Clean Energy	Uncollectible	System Control Charge	Overall Rate Change	Overall Revenue Change		
RS Summer	1,802,271,059	\$ (0.007492)	\$ 0.003523	\$ 0.001750	\$ 0.000010	\$ 0.016730	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.024553	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.024553	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.024553	\$ 44,251,162		
RS Winter	2,652,181,807	\$ 0.003333	\$ 0.003523	\$ 0.001750	\$ 0.000010	\$ 0.016730	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ (0.006272)	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ (0.006272)	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ (0.006272)	\$ (15,697,204)		
RS	4,454,452,876																		\$ 27,553,957		
MGS Secondary	1,208,766,721	\$ 0.012211	\$ 0.003523	\$ 0.001750	\$ 0.000010	\$ 0.016730	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004650	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004650	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004650	\$ 5,862,519		
AGS Primary	16,951,445	\$ 0.011851	\$ 0.003523	\$ 0.001750	\$ 0.000010	\$ 0.016730	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004777	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004777	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004777	\$ 464		
AGS Secondary	2,007,144,694	\$ 0.012211	\$ 0.003523	\$ 0.001750	\$ 0.000010	\$ 0.016730	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004650	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004650	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004650	\$ 9,734,652		
AGS Primary	589,895,387	\$ 0.011851	\$ 0.003523	\$ 0.001750	\$ 0.000010	\$ 0.016730	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004777	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004777	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004777	\$ 2,782,588		
TGS	1,253,330,110	\$ 0.011592	\$ 0.003523	\$ 0.001750	\$ 0.000010	\$ 0.015958	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004617	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004617	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004617	\$ 5,786,625		
SPL/CSL	76,012,328	\$ 0.012211	\$ 0.003523	\$ 0.001750	\$ 0.000010	\$ 0.016730	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004650	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004650	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004650	\$ 388,660		
DDC	12,742,654	\$ 0.012211	\$ 0.003523	\$ 0.001750	\$ 0.000010	\$ 0.016730	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004650	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004650	\$ 0.003843	\$ 0.001733	\$ 0.000038	\$ 0.004650	\$ 2,128		
Total	9,628,937,215																		\$ 81,802		
																			\$ 52,228,078		

In Order ER12020173 the NJBPU stated:  
In addition, as a reasonable means of mitigating the bill impact in light of changes to the Basic Generation Service rates, the Board HEREBY APPROVES, on a provisional basis, a decrease in the summer NGC charge to a credit of \$0.007492 for the period July 1, 2012 to September 30, 2012, and an increase in the Winter NGC rate to \$0.023333 for the period October 1, 2012 through May 31, 2013.

# Settlement Schedule 6

**Rider (NGC)  
Non-Utility Generation Charge (NGC)**

Customers receiving service under Electric Rate Schedules RS, MGS, AGS, TS, TGS, DDC, SPL, CSL, STB, SPP are subject to a non-bypassable Non-Utility Generation Charge (NGC).

This charge provided for the full and timely recovery of the following costs:

1. Costs associated with the utility's purchase power contracts with non-utility generators and to recover the stranded costs associated with such commitments. The costs recovered via the NGC are based on the difference between the average estimated cost of energy and capacity in the regional market and the associated costs provided in existing power purchase contracts with non-utility generators. Differences between actual and estimated costs occurring under previously approved rates shall be added or subtracted as appropriate to the estimated costs.
2. Costs associated with the transition to a competitive electric market and the restructuring of the electric utility industry in the State of New Jersey.
3. Costs associated with the Company's generation facilities net of any revenue received from the sale of energy, capacity and ancillary services associated with these units.

The following table provides the component rates of the NGC charge for each rate schedule based on the cost categories listed above in \$ per kWh.

<u>Rate Schedule</u>	<u>Total NGC</u>
RS	\$ 0.016730
MGS Secondary	\$ 0.016730
MGS Primary	\$ 0.016237
AGS Secondary	\$ 0.016730
AGS Primary	\$ 0.016237
TGS	\$ 0.015868
SPL/CSL	\$ 0.016730
DDC	\$ 0.016730

Date of Issue:

Effective Date:

Issued by:

ATLANTIC CITY ELECTRIC COMPANY  
BPU NJ No. 11 Electric Service - Section IV

Revised Sheet Replaces Revised

Sheet No. 60b

**RIDER (BGS) continued**  
**Basic Generation Service (BGS)****CIEP Standby Fee** \$0.000161 per kWh

This charge recovers the costs associated with the winning BGS-CIEP bidders maintaining the availability of the hourly priced default electric supply service plus administrative charges pursuant to N.J.S.A. 48:2-60 and New Jersey Sales and Use Tax as set forth in Rider SUT. This charge is assessed on all kWhs delivered to all CIEP- eligible customers on Rate Schedules MGS Secondary, MGS Primary, AGS Secondary, AGS Primary or TGS.

**System Control Charge (SCC)** \$0.000038 per kWh

This charge provides for recovery of appliance cycling load management costs. This charge includes administrative charges pursuant to N.J.S.A. 48:2-60 and New Jersey Sales and Use Tax as set forth in Rider SUT. This charge is assessed on all kWhs delivered to all electric customers.

**Transmission Enhancement Charge**

This charge reflects Transmission Enhancement Charges ("TECs"), implemented to compensate transmission owners for the annual transmission revenue requirements for "Required Transmission Enhancements" (as defined in Schedule 12 of the PJM OATT) that are requested by PJM for reliability or economic purposes and approved by the Federal Energy Regulatory Commission (FERC). The TEC charge (in \$ per kWh by Rate Schedule), including administrative charges pursuant to N.J.S.A. 48:2-60 and New Jersey Sales and Use Tax as set forth in Rider SUT, is delineated in the following table.

	<u>Rate Class</u>							
	<u>RS</u>	<u>MGS</u> <u>Secondary</u>	<u>MGS</u> <u>Primary</u>	<u>AGS</u> <u>Secondary</u>	<u>AGS</u> <u>Primary</u>	<u>TGS</u>	<u>SPL/CSL</u>	<u>DDC</u>
VEPCo	0.000218	0.000175	0.000254	0.000132	0.000080	0.000096	-	0.000081
TrAILCo	0.000597	0.000473	0.000682	0.000354	0.000260	0.000217	-	0.000217
PSE&G	0.000476	0.000382	0.000552	0.000286	0.000175	0.000210	-	0.000175
PATH	0.000050	0.000041	0.000058	0.000030	0.000018	0.000022	-	0.000018
PPL	0.000030	0.000024	0.000034	0.000018	0.000011	0.000013	-	0.000011
Pepco	0.000059	0.000047	0.000067	0.000035	0.000021	0.000026	-	0.000021
Delmarva	0.000015	0.000012	0.000017	0.000009	0.000005	0.000006	-	0.000005
AEP - East	0.000002	0.000002	0.000003	0.000001	0.000001	0.000001	-	0.000001
Total	0.001447	0.001156	0.001667	0.000865	0.000571	0.000591	-	0.000529

Date of Issue

Effective Date:

Issued by: