



STATE OF NEW JERSEY
Board of Public Utilities
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www.nj.gov/bpu/

ENERGY

IN THE MATTER OF ATLANTIC CITY ELECTRIC)
COMPANY'S VERIFIED PETITION REQUESTING)
AUTHORIZATION TO CONTINUE IMPLEMENTATION)
OF ITS RESIDENTIAL CONTROLLABLE SMART)
THERMOSTAT PROGRAM FOR THE FOUR YEAR)
PERIOD COMMENCING ON OR ABOUT JUNE 1, 2014)
AND MODIFICATION OF ITS RGGI RECOVERY)
CHARGE FOR 2014-2015)

ORDER

DOCKET NO. ER13100907

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Nicholas W. Mattia, Jr., Esq., on behalf of Atlantic City Electric Company

BY THE BOARD:

By this decision and Order the New Jersey Board of Public Utilities ("Board") considers a stipulation ("2014 Stipulation") to settle all factual and legal issues pertaining to Atlantic City Electric Company's ("ACE" or "Company") October 1, 2013, Residential Controllable Small Thermostat Program ("RCSTP" or the "Program") petition seeking approval to extend the Program for a four year period commencing June 1, 2014 and through May 31, 2018. The 2014 Stipulation was executed on March 28, 2014 by and among ACE, the Staff of the Board ("Staff") and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties"). Additionally, the Company seeks a modification for the annual period of June 2014 through May 31, 2015 to its Regional Greenhouse Gas Initiative ("RGGI") Recovery Charge ("RRC") that recovers the reasonable and prudent costs of the RCSTP.

BACKGROUND AND PROCEDURAL HISTORY

By Order dated July 1, 2008 ("2008 Order"), the Board, pursuant to N.J.S.A. 48:3-98.1(a)(3), directed the State's four electric distribution companies ("EDCs"), including ACE, to submit proposals to the Board by August 1, 2008 for demand response ("DR") programs to be implemented for the period beginning June 1, 2009.¹ In response to the 2008 Order, ACE submitted its DR petition to the Board on August 4, 2008 ("August 4 Filing"), under N.J.S.A.

¹ In the Matter of Demand Response Programs for the Period Beginning June 1, 2009 – Electric Distribution Company Programs, BPU Docket No. EO08050326.

48:3-98.1.² The August 4 Filing contained a proposal for the RCSTP for residential customers, along with other DR proposals.

By Board Order dated July 31, 2009 (the "Initial Order") the Board adopted a Stipulation dated June 30, 2009 (the "Initial Stipulation"), entered into by and among the Parties. The Initial Order authorized the Company to commence the roll-out of the RCSTP for approximately eight months following program approval by the Board on a "region-by region" basis within its service territory, and continue over an approximate four year period until all eligible customers had been afforded an opportunity to participate in the RCSTP. The stated objective was to enroll and maintain by the conclusion of the initial roll-out period (which was determined to be May 31, 2014) approximately 42,000 residential customer participants, some of whom could have multiple controllable demand response devices installed at their residences.

The RCSTP was marketed to customers as the "Energy Wise Rewards Program", a DR program that replaced the Company's Peak Savers Club, which will be terminated on or by May 31, 2014. The RCSTP was approved as a voluntary air conditioner cycling program for all residential customers with central air conditioners and/or heat pumps in ACE's service territory. DR devices, either thermostats or switches, were installed at the homes of program participants and remotely controlled by the Company to reduce electric usage during periods of peak electric demand. The expected amount of DR reduction by the end of the initial four year roll-out period was approximately 50.64 megawatts.

Initially, the RCSTP operated as a 50% duty cycling program in which the air conditioning unit compressors of participating customers were cycled off for 15 minutes out of each half hour period. A RCSTP participant may override a Company imposed cycling event no more than two times per year without penalty by calling the Company, but may not override any PJM called cycling events.

Under the Program, participants received a one-time \$50 incentive payment for each Qualifying Unit, but if a customer did not participate in the program for the full twelve month period, the participant would be required to forfeit the one time enrollment incentive credit. Participants had the option to select either a programmable thermostat ("Smart Thermostat") or an outdoor cycling device for each Qualifying Unit, depending upon personal preference or equipment constraints.

In addition to reducing the Company's demand for electric capacity to meet its customers' energy requirements, the RCSTP would enable ACE to participate in available PJM Base Residual Auctions ("BRAs") and Incremental Auctions ("IAs") that would provide economic support for the costs associated with establishing the Program. ACE agreed to use its best efforts to register, nominate and/or bid each year's expected MW reduction resulting from the RCSTP into any and all PJM market(s), and/or program(s) for which the RCSTP is eligible during the life of the program. Specifically, the Company agreed to participate in PJM's BRAs and IAs in time to meet PJM registration deadlines, beginning and including registration for the Summer 2010 auctions. The Initial Order noted that revenues from participation in PJM DR programs and market-based opportunities would be used to offset the RCSTP costs and mitigate the impact on ratepayers' bills.

² In the Matter of Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources, and Offering Class I Renewable Energy Programs in Their Respective Service Territories on a Regulated Basis Pursuant to N.J.S.A. 48:3-91, BPU Docket No. EO08030164 (May 12, 2008).

The Initial Order directed that ACE's reasonable and prudently incurred costs associated with the RCSTP be recovered through the RRC, which is consistent with the Board's treatment of other programs filed under N.J.S.A. 48:3-98.1.

On August 6, 2009, ACE, along with other PHI utility subsidiaries, filed a plan with the United States Department of Energy ("DOE") for a Smart Grid Investment Grant ("SGIG") Program, pursuant to the American Recovery and Reinvestment Act of 2009 ("ARRA"), which included funding for a portion of the costs associated with the RCSTP. On October 27, 2009, ACE became aware that it had been selected to receive a grant of up to 50 percent of \$13.4 million associated with the RCSTP, for which the Company was eligible to receive a maximum matching ARRA award of \$6.7 million. On March 5, 2010, the Company officially received notification of the DOE SGIG grant.

Revenues received, or to be received, from bids placed by the Company into PJM BRAs and IAs during the Initial Program rollout period, plus Federal Stimulus Award monies received by the Company pursuant to the ARRA associated with the RCSTP, as well as other financial commitments made by the Company as a result of prior Stipulations and associated Board Orders, are expected to offset Program costs for the initial four year rollout of the RCSTP.

On March 31, 2010, ACE filed its first true-up petition and Program update.³ On June 2, 2010, ACE, Rate Counsel, and Staff entered into a stipulation to approve an increase in the RRC charge for the initial RCSTP costs. The stipulation was subsequently approved by the Board on June 16, 2010.

On April 12, 2011, the Company filed its second required annual update to the RCSTP. The 2011 petition provided a status report on RCSTP implementation but did not propose any modification to the RRC Charge.

On April 11, 2012, the Company filed its third annual update on the RCSTP.⁴ The 2012 petition included a status report on RCSTP implementation; an update regarding the Federal Stimulus grant money received by the Company associated with the RCSTP, and a proposal for an increase in the RRC Charge for service rendered on and after July 1, 2012. Rate Counsel and Staff questioned why the Company had not submitted DR bids in certain PJM capacity auctions for which the RCSTP was eligible and which was required by the terms of the 2009 Stipulation. The Company acknowledged that it should have submitted bids in several PJM auctions, and that it had failed to do so. This omission resulted in ACE's customers not receiving the full value of certain PJM auction revenues that they otherwise would have been entitled to receive, pursuant to the terms of the 2009 Stipulation and Board Order. On May 29, 2013 ("May 2013 Order") the Board approved a Stipulation which set forth the PJM revenue credit adjustments that ACE had agreed to make to provide its customers with the full amount of PJM auction revenues to which they were entitled under the 2009 Stipulation. Moreover, the settlement called for certain commitments to be made by ACE with respect to compensating ratepayers for PJM revenues and other credits to offset Program costs in its annual filing for recovery of the

³ In the Matter of Atlantic City Electric Company Requesting Approval of Changes to Its Electric Regional Greenhouse Gas Recovery ("RGGI") Charge in Connection to the Residential Controllable Smart Thermostat Program, Docket No. ER10050351.

⁴ In the Matter of Atlantic City Electric Company's Responsive Petition to the Board of Public Utilities Order Dated July 1, 2008 Regarding the Submission of Demand Response Programs for the Period Beginning June 1, 2009 for Electric Distribution Companies, and for Supplemental Inclusion of Same in Its "Blueprint for the Future" Filing Dated November 17, 2007, BPU Docket Nos. EO08050326, EO08080543, EO07110881; and In the Matter of Demand Response Programs for the Period Beginning June 1, 2009 – Electric Distribution Company Programs, Docket No. EO08050326.

RCSTP costs through its RRC charge and certain parameters with respect to the amount of MW to be bid into the PJM Auctions

On July 5, 2013, the Company filed a petition advising the Board and Parties that ACE expected to complete the initial RCSTP roll-out, consistent with the provisions of the Initial Order, as well as subsequent Board Orders issued with respect to the RCSTP, by May 31, 2014 and the associated projected Program costs and revenues. By Order dated September 18, 2013, (the "September 2013 Order"), the Board approved a Stipulation among the Parties agreeing that the RCSTP should continue in operation beyond the initial four year rollout of the Program which was anticipated to be completed by May 31, 2014. The September 2013 Order also included a provision requiring the submission of the petition currently under review.

As previously stated, ACE filed this petition on September 30, 2013, seeking authorization to continue implementation of its RCSTP for a four year period commencing June 1, 2014 and through May 31, 2018. In addition, the Company requests that the current RRC applicable to the RCSTP of \$0.000493 per kWh should be decreased for the period June 1, 2014 through May 31, 2015 to \$0.000010 per kWh, resulting in a net decrease in Program rates of \$0.000483 per kWh. This reduction in Program-related rates results in an annual revenue decrease in charges to customers of \$2.8 million [including Sales and Use Tax ("SUT")]. All components of the Company's RRC calculation associated with the RCSTP, including those in the revised Exhibit B referenced below, will be subject to true-up in the Company's next scheduled RCSTP submittal to be filed in July 2014.

STIPULATION

The 2014 Stipulation represents a full resolution of the issues raised in ACE's October 1, 2013 petition. The 2014 Stipulation, attached in its entirety, in relevant part provides:

- ACE's request to extend the RCSTP at an active participant level of 42,200 for an additional four year period commencing June 1, 2014 through May 31, 2018, should be approved. The Company's Peak Savers Club Program should be terminated effective May 31, 2014. Nothing contained in the Stipulation shall be deemed to relieve the Company from its credit obligations to customers as provided for in prior Board Orders issued with respect to the RCSTP. Further, nothing contained in the Stipulation shall change, alter, amend or relieve the Company of any obligation it has been required to comply with, associated with the RCSTP, during the initial four year rollout of the Program, including filing quarterly Program status reports with the Board, with copies to Staff and Rate Counsel.
- During the course of the proceeding, Exhibit B (RRC Calculation and Amortization Schedules) attached to the Petition was revised through discovery. Attached to the Stipulation is the revised Exhibit B including the updated "Table 6", provided pursuant to the September 5, 2013 and April 22, 2013 Stipulations.
- Also attached to the Stipulation is revised Exhibit D to the Petition, which is a proposed tariff sheet setting the revised Rider RRC to become applicable for service rendered commencing June 1, 2014.
- The current RRC applicable to the RCSTP of \$0.000493 per kWh (including Sales and Use Tax ("SUT")) should be decreased for the period June 1, 2014 through May 31, 2015 to \$0.000010 per kWh (including SUT), resulting in a net decrease in Program rates of \$0.000483 per kWh (including SUT). This reduction in Program-related rates

results in an annual revenue decrease in charges to customers of \$2.8 million (including SUT). The monthly bill impact reduction on a typical residential customer using 1000 kWh per month is \$0.480 (including SUT), or a 0.28 percent decrease.

- It is anticipated that the Company shall reach, net of any participant attrition within the Program, the targeted 42,200 RCSTP active participants by May 31, 2014. Accordingly, the Company shall file its Fifth RCSTP Update filing on or about the same time as it files the results of the May 2014 BRA. The Company shall include the following as part of the Fifth RCSTP Update: (i) all actual costs incurred as a result of the Program roll out; (ii) the final amount of award monies granted to and received by the Company pursuant to ARRA for the implementation of the RCSTP; (iii) the level of PJM revenues to be credited to customers associated with the roll out period; (iv) the level of any uncollected Operation and Maintenance expenses associated with the RCSTP; and (v) establish the level of capital costs remaining to be recovered via the amortization provision provided for in the Initial Stipulation.
- The Parties request that the Stipulation be considered by the Board at its first available agenda meeting in April 2014, and that the change in the RRC applicable to the RCSTP as proposed in the Petition be made effective for customer bills rendered on and after June 1, 2014.

DISCUSSION AND FINDING

The Board has carefully reviewed the petition and the 2014 Stipulation. Based on that review, the Board **HEREBY FINDS** the Stipulation to be reasonable, in the public interest and in accordance with the law. In the Initial Stipulation, ACE had agreed to make its best efforts to register, nominate and bid each year's expected MW reduction resulting from the RCSTP into PJM's Base Residual and Incremental Auctions in time to meet PJM deadlines, beginning with the 2010 auctions. Such requirements and commitments were critical to the overall cost-effectiveness of the Program. Indeed, the Board's approval was predicated on the finding that the RCSTP was cost-effective for ratepayers, in part due to anticipated revenues from wholesale market opportunities for which the program was eligible.

The Stipulation extends the RCSTP for four more years from June 1, 2014 through May 31, 2018 allowing the Company to continue participating in the PJM Base Residual Auction and Incremental Auctions and thus, continuing to receive revenues to offset the costs for the RCSTP. Moreover, the petition shows under the Company's Cost/Benefit analysis that the RCSTP is expected to remain cost effective while providing the benefits of demand response including reduction of peak usage and the need for additional electric capacity to meet the needs of the Company's customers. Accordingly, the Board **HEREBY ADOPTS** the Stipulation in its entirety and **HEREBY DIRECTS** the Parties to comply with the terms and conditions of the Stipulation. Further, the Board **HEREBY APPROVES** the changes to the associated tariff sheets as proposed by ACE and attached as Exhibit D to the 2014 Stipulation and **HEREBY ORDERS** the Company to file compliance tariffs within five (5) days of service of this Order.

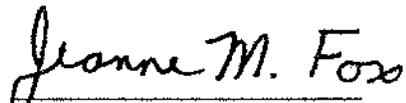
The impact of modifying the RRC will result in a decrease of annual revenues to the Company of approximately \$2.8 million. A typical ACE residential customer using 1000 kwh per month will have a decrease of approximately of \$.48 per kwh (including SUT), or a .28 percent decrease.

This Board Order shall be effective on May 3, 2014 with the Tariff Sheets to be effective for service rendered on and after June 1, 2014.

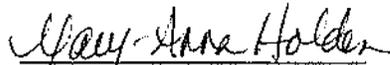
DATED: 4/24/14

BOARD OF PUBLIC UTILITIES
BY:


DIANNE SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

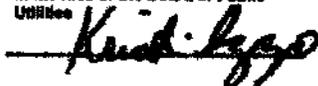

JOSEPH L. FIORDALISO
COMMISSIONER


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 ATLANTIC CITY ELECTRIC COMPANY'S VERIFIED PETITION
REQUESTING AUTHORIZATION TO CONTINUE IMPLEMENTATION OF ITS RESIDENTIAL
CONTROLLABLE SMART THERMOSTAT PROGRAM FOR THE FOUR YEAR
PERIOD COMMENCING ON OR ABOUT JUNE 1, 2014 AND MODIFICATION OF ITS RGGI
RECOVERY CHARGE FOR 2014-2015

DOCKET NO. ER13100907

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**IN THE MATTER OF ATLANTIC CITY
ELECTRIC COMPANY'S VERIFIED
PETITION REQUESTING
AUTHORIZATION TO CONTINUE
IMPLEMENTATION OF ITS
RESIDENTIAL CONTROLLABLE SMART
THERMOSTAT PROGRAM FOR THE
FOUR YEAR PERIOD COMMENCING ON
OR ABOUT JUNE 1, 2014, AND
MODIFICATION OF ITS RGGI
RECOVERY CHARGE FOR 2014 - 2015**

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
STIPULATION OF
SETTLEMENT
BPU DOCKET NO. ER13100907**

This Stipulation of Settlement (the "Stipulation") is hereby made and executed as of this 26th day of March, 2014, by and among Atlantic City Electric Company ("ACE" or the "Company"), the Staff of the New Jersey Board of Public Utilities ("Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel") (individually, a "Party" and collectively, the "Parties"), in settlement of all factual and legal issues pertaining to the Company's October 1, 2013 Verified Petition, whereby it seeks authorization to continue implementation of its Residential Controllable Smart Thermostat Program ("RCSTP" or the "Program" (the "Petition") for the four year period commencing June 1, 2014 and through May 31, 2018. In addition, the Company seeks a modification to its RGGI recovery charge for the annual period June 1, 2014 through May 31, 2015 consistent therewith.

BACKGROUND

. On July 31, 2009, the Board signed an Order with respect to the Company's RCSTP, adopting a Stipulation dated June 30, 2009 (the "Initial Stipulation"), entered into by and among the Parties (the "Initial Order"). The Initial Order authorized the Company to establish the RCSTP and to roll-out the RCSTP over an approximate four year period, commencing on or about March 1, 2010, during which time the stated objective was to enroll and maintain by the

conclusion of the initial four year roll-out period approximately 42,200 customer participants, some of whom could have multiple controllable demand response devices installed at their residential establishments resulting in approximately 42,400 Qualifying Units. The RCSTP was marketed to customers as the "EnergyWise Rewards Program", a demand response ("DR") program that replaces the Company's Peak Savers Club, which will be terminated on or by May 31, 2014. The RCSTP was approved as a voluntary air conditioner cycling program for all residential customers with central air conditioners and/or heat pumps in ACE's service territory. DR devices, either thermostats or switches, were installed at the homes of program participants and remotely controlled by the Company to reduce electric usage during periods of peak electric demand. The expected amount of DR reduction by the end of the initial four year roll-out period was approximately 50.64 Megawatt ("MW").

ACE agreed to use its best efforts to register, nominate and/or bid each year's expected MW reduction resulting from the RCSTP into any and all PJM market(s), and/or program(s) for which the RCSTP is eligible during the life of the program.

In addition to reducing the Company's demand for electric capacity to meet its customers' energy requirements, the RCSTP would enable ACE to participate in available PJM Base Residual Auctions ("BRAs") and Incremental Auctions ("IAs") that would provide economic support for the costs associated with establishing and maintaining the Program. The Company agreed to participate in PJM's BRAs and IAs in time to meet PJM registration deadlines. The Initial Order noted that revenues from participation in PJM Demand Response programs and market-based opportunities would be used to offset RCSTP Program costs and mitigate the impact on ratepayers' bills.

On August 6, 2009, ACE, along with other PHI utility subsidiaries, filed a plan with the United States Department of Energy (“DOE”) for a Smart Grid Investment Grant (“SGIG”) Program, pursuant to the American Recovery and Reinvestment Act of 2009 (“ARRA”), which included funding for a portion of the costs associated with the RCSTP. On October 27, 2009, ACE became aware that it had been selected to receive a grant of up to 50% of \$13.4 million associated with the RCSTP, for which the Company was eligible to receive a maximum matching ARRA award of \$6.7 million. On March 5, 2010, the Company officially received notification of the DOE SGIG grant.

Revenues received, or to be received, from bids placed by the Company into PJM BRAs and IAs during the initial Program rollout period, plus Federal Stimulus Award monies received by the Company pursuant to the ARRA associated with the RCSTP, as well as other financial commitments made by the Company as a result of prior Stipulations and associated Board Orders, are expected to offset Program costs for the initial four year rollout of the RCSTP.

By Board Order dated May 29, 2013, the Board approved a Stipulation regarding the petitions filed by ACE on April 12, 2011 and April 11, 2012 with respect to the annual RCSTP true-up. ACE, Board Staff, and Rate Counsel settled issues relating to the RCSTP, PJM Demand Response market, and/or program activities arising out of those petitions. The settlement called for certain commitments made by ACE with respect to compensating ratepayers for PJM revenues and other credits to offset Program costs in its annual filing for recovery of RCSTP costs through its RGGI charge and certain parameters with respect to the amount of MW to be bid into the PJM auction.

Pursuant to a Petition filed with the Board on or about July 5, 2013 (the "July 2013 Petition"), the Company advised the Board and the Parties that ACE expected to complete the initial RCSTP roll-out, consistent with the provisions of the Initial Order, as well as subsequent Board Orders issued with respect to the RCSTP, by May 31, 2014, and the projected Program costs and revenues associated therewith. By Stipulation dated September 5, 2013 (the "September 2013 Stipulation"), the Parties stipulated that the Company's July 2013 Petition should be approved, and requested that the Board issue an Order approving same. Specifically, the Parties agreed that the RCSTP should continue in operation beyond the initial four year rollout of the program, which roll out was anticipated to be completed by May 31, 2014. By Order dated September 18, 2013 (the "September 2013 Order"), the Board approved the Stipulation of the Parties, which included a provision requiring the submission of the instant Petition.

Thus, on or about October 1, 2013, ACE filed this Petition, whereby it seeks authorization to continue implementation of its RCSTP for the four year period commencing June 1, 2014 and through May 31, 2018. In addition, the Company requests that the current RGGI recovery charge applicable to the RCSTP of \$0.000493 per kWh should be decreased for the period June 1, 2014 through May 31, 2015 to \$0.000010 per kWh, resulting in a net decrease in Program rates of \$0.000483 per kWh. This reduction in Program-related rates results in an annual revenue decrease in charges to customers of \$2.8 million (including Sales and Use Tax ["SUT"]) to reduce the its RGGI recovery charge for the annual period June 1, 2014 through May 31, 2015 consistent therewith. All components of the Company's RGGI recovery charge calculation associated with the RCSTP, including those in the revised **Exhibit B** referenced

below, will be subject to true-up in the Company's next scheduled RCSTP submittal to be filed in July 2014.

Subsequent to the filing of the Petition, discovery in this matter was submitted to the Company, which discovery was responded to by ACE.

STIPULATION

The Signatory Parties to this Stipulation HEREBY STIPULATE AND AGREE to the following findings, conclusions, and determinations for purposes of a full, final, and complete resolution of the issues raised in the Petition.

The Parties agree in settlement of this matter that the Petition, which seeks authorization by the Company to extend its RCSTP at an active participant level of 42,200 for an additional four year period commencing June 1, 2014 through May 31, 2018, should be approved. In conjunction therewith, the Parties agree that the Company's Peak Savers Club program should be terminated effective May 31, 2014. Nothing contained herein shall be deemed to relieve the Company from its credit obligations to customers as provided for in prior Board Orders issued with respect to the RCSTP. Further, nothing contained herein shall change, alter, amend or relieve the Company of any obligation it has been required to comply with, associated with the RCSTP, during the initial four year rollout of the Program, including filing quarterly Program status reports with the Board, with copies to Staff and Rate Counsel.

During the course of the proceeding, **Exhibit B** (RGGI Recovery Charge Calculation and Amortization Schedules) attached to the Petition was revised through discovery. Attached hereto is the revised **Exhibit B**, including the updated "Table 6," provided pursuant to the September 5, 2013 and April 22, 2013 Stipulations of the Parties.

Also attached hereto is revised **Exhibit D** to the Petition, which is a proposed tariff sheet setting forth the revised Rider RGGI charge to become applicable for service rendered commencing June 1, 2014.

The Parties further agree, as proposed by the Company, that the current RGGI Recovery charge applicable to the RCSTP of \$0.000493 per kWh (including SUT) should be decreased for the period June 1, 2014 through May 31, 2015 to \$0.000010 per kWh (including SUT), resulting in a net decrease in Program rates of \$0.000483 per kWh (including SUT). This reduction in Program-related rates results in an annual revenue decrease in charges to customers of \$2.8 million (including SUT). The monthly bill impact reduction on a typical residential customer using 1000 kWh per month is \$0.480 (including SUT), or a 0.28 percent decrease.

As noted above, it is anticipated that the Company shall reach, net of any participant attrition within the Program, the targeted 42,200 RCSTP active participants by May 31, 2014¹. Accordingly, the Company shall file its Fifth RCSTP Update filing on or about the same time as it files the results of the May 2014 BRA. The Company shall include the following as part of the Fifth RCSTP Update: (i) all actual costs incurred as a result of the Program roll out; (ii) the final amount of award monies granted to and received by the Company pursuant to ARRA for the implementation of the RCSTP; (iii) the level of PJM revenues to be credited to customers associated with the roll out period; (iv) the level of any uncollected Operation and Maintenance expenses associated with the RCSTP; and (v) establish the level of capital costs remaining to be recovered via the amortization provision provided for in the Initial Stipulation.

¹ As of December 31, 2013, the Company had 39,127 Program participants.

SETTLEMENT IMPLEMENTATION

The Parties hereby request that this Stipulation be considered by the Board at its first available agenda meeting in April 2014, and that the change in the RGGI charge applicable to the RCSTP as proposed in the Petition be made effective for customer bills rendered on and after June 1, 2014.

CONCLUSION

1. The Parties agree that this Stipulation contains mutual balancing and interdependent clauses and is intended to be accepted and approved in its entirety. In the event any particular provision of this Stipulation is not accepted and approved in its entirety by the Board or is modified by a court of competent jurisdiction, then any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right, upon written notice, to be provided to all other Parties within ten (10) days after receipt of any such adverse decision, to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board in an appropriate Order, or is modified by a court of competent jurisdiction, then any Party hereto is free, upon the timely provision of such written notice, to pursue its then available legal remedies with respect to all issues addressed in this Stipulation, as though this Stipulation had not been signed.

2. The Parties agree that this Stipulation shall be binding on them for all purposes herein.

3. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and, except as otherwise expressly provided for herein:

- a. by executing this Stipulation, no Party waives any rights it possesses under any prior Stipulation, except where the terms of this Stipulation supersede such prior Stipulation; and
- b. the contents of this Stipulation shall not in any way be considered, cited or used by any of the 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.

4. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein in total or by specific item. The Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

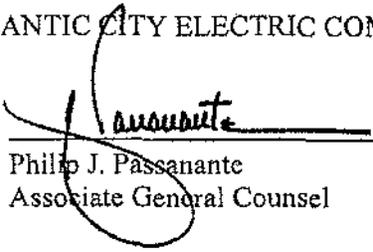
5. This Stipulation may be executed in any number of counterparts, each of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties.

WHEREFORE, the Parties hereto have duly executed and do respectfully submit this Stipulation to the Board and recommend that the Board issue a Final Decision and Order adopting and approving this Stipulation in their entirety in accordance with the terms hereof.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

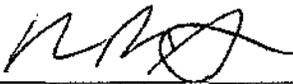
ATLANTIC CITY ELECTRIC COMPANY

Dated: March 26, 2014

By: 
Philip J. Passanante
Associate General Counsel

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

Dated: 3/28/14

By: 
Russell M. Smith, Jr.
Deputy Attorney General

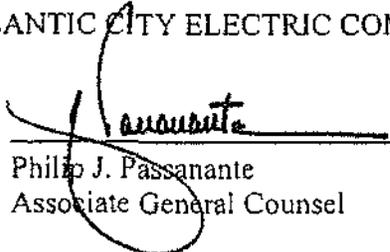
STEFANIE A. BRAND, ESQ.
DIRECTOR
DIVISION OF RATE COUNSEL

Dated: _____

By: _____

ATLANTIC CITY ELECTRIC COMPANY

Dated: March 26, 2014

By: 
Philip J. Passanante
Associate General Counsel

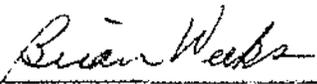
JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW
JERSEY
Attorney for the Staff of the New Jersey Board of
Public Utilities

Dated: _____

By: _____
Russell M. Smith, Jr.
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR
DIVISION OF RATE COUNSEL

Dated: 3/26/2014

By: 
Brian Weeks
Deputy Rate Counsel

Revised Exhibit B

(As Revised From Petition Dated
September 30, 2013)

Table 6

Net PJM credits and interest reflected in RGGI Charge as of

May 31, 2013

Rate Effective Period	PJM credits + Interest to be Reflected in RGGI Charge				PJM credits + Interest actually Reflected in RGGI Charge to date			
	PJM Credits to be Reflected in RGGI Surcharge When PJM Revenues are Received	Interest to be Reflected in RGGI Surcharge When PJM Revenues are Received	Total to be reflected	Cumulative total to be reflected	PJM Revenues Actually Received and reflected in RGGI Charge	PJM Revenues Actually Received Applicable to April 2013 Stipulation Terms	Cumulative total Actual PJM Revenues reflected in RGGI Charge	Net PJM credits and interest reflected in RGGI Charge Over (under)
	a	b	c = a + b	d	e	f	g	h
6/1/2011 - 5/31/2012	\$378,565	(\$461)	\$ 378,104	\$ 378,104	\$ 502,364	\$ 502,364	\$ 502,364	\$ 124,260
6/1/2012 - 5/31/2013	\$1,171,789	\$1,815	\$ 1,173,604	\$ 1,551,708	\$ 161,026	\$ 30,416	\$ 532,781	\$ (1,018,927)
6/1/2013 - 5/31/2014	\$3,062,465							
6/1/2014 - 5/31/2015	\$1,911,699							
6/1/2015 - 5/31/2016	\$2,604,840							
6/1/2016 - 5/31/2017	\$1,969,755							
6/1/2017 - 5/31/2018 (Note 1)	\$2,480,175							
Sub-total PJM Credits	\$13,579,289							
Additional Payment	\$300,000							

Note 1

Estimated PJM Credits assuming 45.3MW are bid into PJM as ratepayers share at a clearing price estimated at \$150 per MW

Data Sources

- a Column C, Table 1 to Stipulation of April 22, 2013 in Dockets ER12050426 and 11060379
This column reflects the amount of interest that ACE will pay based upon updating to actuals (a) the projected amounts (March 2013 onward) listed in column G of Table 1 to the Stipulation of April 22, 2013 in Dockets ER12050426 and 11060379, and (b) the interest rate applicable thereto.
- b Column 13, Table 3, page 2 of Exhibit A. ACE RCSTP RGGI filing July 5, 2013 (Docket ER13070627). Includes PJM revenues not covered by April 2013 Stipulation and related Board Order, e.g. energy sales.
- e

ATLANTIC CITY ELECTRIC COMPANY
RGGI Recovery Charge
Demand Response Program
Estimated RCSTP Rates

	Projected Rate
For the Period June 2014 - May 2015	\$ 0.000037
For the Period June 2015 - May 2016	\$ -
For the Period June 2016 - May 2017	\$ 0.000090
For the Period June 2017 - May 2018	\$ 0.000071

Table 4 - Prior Period Monthly Over/Under Recovered Balances

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Revenue Requirement	Actual Monthly DSM Surcharge Revenue	Over/(Under) Recovery	Over/(Under) Recovery Beginning Monthly Balance	Over/(Under) Recovery Ending Monthly Balance	Avg. Monthly Balance	Net of Tax Avg. Monthly Balance	STD Rate	Interest
	= Table 3 Col 13		= Col 3 - Col 2			= (Col 5 + Col 6)	= Col 7 x (1-Composite Tax Factor)		= Col 8 x Col 9 x 12
Jun-10	\$ (646,266)	\$ 109,976	\$ 756,242	\$ (836,156)	\$ (79,916)	\$ (458,037)	\$ (270,928)	0.41%	\$ (93)
Jul-10	\$ 910,814	\$ 212,354	\$ (898,000)	\$ (79,916)	\$ (778,476)	\$ (452,196)	\$ (253,659)	0.41%	\$ (86)
Aug-10	\$ 203,059	\$ 187,260	\$ (16,418)	\$ (79,916)	\$ (128,476)	\$ (788,685)	\$ (485,324)	0.40%	\$ (154)
Sep-10	\$ (578,006)	\$ 138,380	\$ 665,167	\$ (128,476)	\$ (415,208)	\$ (272,488)	\$ (161,165)	0.35%	\$ (47)
Oct-10	\$ 359,176	\$ 133,657	\$ (225,479)	\$ (415,208)	\$ (335,569)	\$ (385,437)	\$ (227,988)	0.35%	\$ (67)
Nov-10	\$ 76,977	\$ 136,518	\$ 59,542	\$ (335,569)	\$ (378,296)	\$ (217,296)	\$ (227,454)	0.35%	\$ (64)
Dec-10	\$ 181,062	\$ 137,802	\$ (23,261)	\$ (378,296)	\$ (390,147)	\$ (394,537)	\$ (227,454)	0.35%	\$ (67)
Jan-11	\$ 148,038	\$ 136,616	\$ (11,221)	\$ (390,147)	\$ (443,131)	\$ (416,639)	\$ (275,205)	0.35%	\$ (91)
Feb-11	\$ 181,113	\$ 128,129	\$ (52,984)	\$ (443,131)	\$ (487,402)	\$ (465,442)	\$ (275,205)	0.35%	\$ (91)
Mar-11	\$ 162,555	\$ 118,284	\$ (44,271)	\$ (487,402)	\$ (531,673)	\$ (489,587)	\$ (349,661)	0.31%	\$ (101)
Apr-11	\$ 323,189	\$ 119,022	\$ (204,167)	\$ (531,673)	\$ (691,570)	\$ (652,216)	\$ (381,805)	0.31%	\$ (92)
May-11	\$ 87,585	\$ 145,938	\$ 58,353	\$ (691,570)	\$ (633,293)	\$ (639,588)	\$ (378,305)	0.29%	\$ (91)
Jun-11	\$ 186,940	\$ 124,236	\$ (62,704)	\$ (633,293)	\$ (633,293)	\$ (649,963)	\$ (318,973)	0.34%	\$ (61)
Jul-11	\$ (8,830)	\$ 200,105	\$ 208,935	\$ (649,963)	\$ (435,065)	\$ (409,876)	\$ (242,501)	0.30%	\$ (61)
Aug-11	\$ 116,325	\$ 170,344	\$ 54,019	\$ (435,065)	\$ (434,156)	\$ (409,052)	\$ (241,860)	0.64%	\$ (328)
Sep-11	\$ 182,398	\$ 132,207	\$ (50,192)	\$ (434,156)	\$ (609,079)	\$ (521,619)	\$ (308,537)	0.50%	\$ (170)
Oct-11	\$ 288,233	\$ 113,311	\$ (174,922)	\$ (609,079)	\$ (400,050)	\$ (594,566)	\$ (298,450)	0.72%	\$ (178)
Nov-11	\$ (62,999)	\$ 126,031	\$ 209,039	\$ (400,050)	\$ (408,852)	\$ (404,451)	\$ (239,233)	0.83%	\$ (185)
Dec-11	\$ 145,379	\$ 136,578	\$ (8,802)	\$ (408,852)	\$ (337,377)	\$ (373,414)	\$ (220,874)	0.85%	\$ (156)
Jan-12	\$ 55,761	\$ 126,635	\$ 70,875	\$ (337,377)	\$ (94,457)	\$ (216,217)	\$ (127,892)	0.80%	\$ (95)
Feb-12	\$ (120,863)	\$ 122,657	\$ 243,520	\$ (94,457)	\$ (233,918)	\$ (164,188)	\$ (97,117)	0.92%	\$ (75)
Mar-12	\$ 252,044	\$ 112,583	\$ (139,462)	\$ (233,918)	\$ (275,862)	\$ (254,890)	\$ (150,767)	0.42%	\$ (52)
Apr-12	\$ 159,962	\$ 118,069	\$ (41,893)	\$ (275,862)	\$ (177,258)	\$ (228,560)	\$ (134,010)	0.41%	\$ (46)
May-12	\$ 40,688	\$ 159,202	\$ 98,514	\$ (177,258)	\$ (175,624)	\$ (176,441)	\$ (104,955)	0.42%	\$ (36)
Jun-12	\$ 181,689	\$ 163,324	\$ 18,364	\$ (175,624)	\$ (257,521)	\$ (216,572)	\$ (128,102)	0.41%	\$ (64)
Jul-12	\$ 284,329	\$ 202,432	\$ (81,897)	\$ (257,521)	\$ (118,914)	\$ (189,217)	\$ (111,331)	0.41%	\$ (38)
Aug-12	\$ 37,968	\$ 176,595	\$ 138,627	\$ (118,914)	\$ (689,705)	\$ (244,310)	\$ (144,509)	0.42%	\$ (60)
Sep-12	\$ 380,910	\$ 130,119	\$ (250,792)	\$ (689,705)	\$ (173,183)	\$ (271,444)	\$ (160,559)	0.42%	\$ (66)
Oct-12	\$ (84,000)	\$ 112,522	\$ (196,522)	\$ (173,183)	\$ (269,069)	\$ (221,136)	\$ (130,802)	0.41%	\$ (67)
Nov-12	\$ 220,433	\$ 124,528	\$ (95,905)	\$ (269,069)	\$ (420,861)	\$ (344,973)	\$ (204,053)	0.39%	\$ (67)
Dec-12	\$ 134,128	\$ 134,128	\$ (0)	\$ (420,861)	\$ (593,072)	\$ (504,920)	\$ (299,060)	0.39%	\$ (89)
Jan-13	\$ 301,339	\$ 126,128	\$ (175,211)	\$ (593,072)	\$ (416,767)	\$ (504,920)	\$ (299,060)	0.39%	\$ (89)
Feb-13	\$ (46,478)	\$ 128,825	\$ 175,305	\$ (416,767)	\$ (998,871)	\$ (568,818)	\$ (329,358)	0.35%	\$ (96)
Mar-13	\$ 402,368	\$ 122,263	\$ (280,103)	\$ (998,871)	\$ (835,141)	\$ (761,005)	\$ (450,135)	0.30%	\$ (112)
Apr-13	\$ 238,841	\$ 110,371	\$ (128,470)	\$ (835,141)	\$ (765,857)	\$ (795,458)	\$ (470,538)	0.26%	\$ (103)
May-13	\$ 77,736	\$ 137,020	\$ 59,283	\$ (765,857)	\$ (672,409)	\$ (710,133)	\$ (425,367)	0.26%	\$ (83)
Jun-13	\$ 79,946	\$ 173,295	\$ 93,349	\$ (672,409)	\$ (588,221)	\$ (620,316)	\$ (366,916)	0.26%	\$ (69)
Jul-13	\$ 81,844	\$ 166,052	\$ 84,208	\$ (588,221)	\$ (483,392)	\$ (525,807)	\$ (311,015)	0.29%	\$ (80)
Aug-13	\$ 83,038	\$ 187,868	\$ 104,830	\$ (483,392)	\$ (280,550)	\$ (381,971)	\$ (225,636)	0.26%	\$ (49)
Sep-13	\$ 115,911	\$ 341,803	\$ 225,892	\$ (280,550)	\$ (204,377)	\$ (242,463)	\$ (143,417)	0.25%	\$ (31)
Oct-13	\$ 230,952	\$ 307,125	\$ 76,173	\$ (204,377)	\$ (105,967)	\$ (155,172)	\$ (91,784)	0.25%	\$ (20)
Nov-13	\$ 233,457	\$ 331,856	\$ 98,409	\$ (105,967)	\$ (51,201)	\$ (78,564)	\$ (46,482)	0.29%	\$ (10)
Dec-13	\$ 322,351	\$ 377,037	\$ 54,686	\$ (51,201)	\$ (22,819)	\$ (37,010)	\$ (21,891)	0.25%	\$ (5)
Jan-14	\$ 327,354	\$ 355,858	\$ 28,504	\$ (22,819)	\$ 3,200	\$ (6,810)	\$ (5,803)	0.25%	\$ (1)
Feb-14	\$ 321,153	\$ 247,212	\$ (73,941)	\$ 3,200	\$ 8,025	\$ 5,613	\$ 3,330	0.25%	\$ 1
Mar-14	\$ 322,004	\$ 326,830	\$ 4,826	\$ 8,025	\$ 3,179	\$ 5,002	\$ 3,314	0.29%	\$ 3
Apr-14	\$ 319,749	\$ 314,902	\$ (4,847)	\$ 3,179	\$ (3,468)	\$ (3,468)	\$ (3,468)	0.29%	\$ (3,468)

SECTION III. IRSEI RECOVERY CHARGE (R COMPONENT) CALCULATION

For the Period June 2014 - May 2015

Forecasted Amortization (Straight Line)	\$	681,595	Table 2, Col 4
Forecasted CCRF (Based on 8.04% ROR, adj. for income tax)	\$	428,892	Table 2, Col 11
Ongoing O&M	\$	1,654,334	Table 2, Col 12
Forecasted PJM Market Revenues	\$	(2,435,817)	Table 2, Col 13
Prior Period True Up	\$	(3,065)	
Forecasted Revenue Requirement	\$	235,111	
Total Annual Amount to be Recovered	\$	335,111	
Retail Sales - kwh	\$	9,628,937,213	
\$/KWH Surcharge	\$	0.000035	
BPU Assessment	\$	-	
\$/KWH Surcharge with SUT	\$	0.000037	

For the Period June 2015 - May 2016

Forecasted Amortization (Straight Line)	\$	693,154	Table 2, Col 4
Forecasted CCRF (Based on 8.04% ROR, adj. for income tax)	\$	531,017	Table 2, Col 11
Ongoing O&M	\$	1,769,490	Table 2, Col 12
Forecasted PJM Market Revenues	\$	(3,585,486)	Table 2, Col 13
Forecasted Revenue Requirement	\$	(651,825)	
Total Annual Amount to be Recovered	\$	-	
Retail Sales - kwh	\$	9,628,937,213	
\$/KWH Surcharge	\$	-	
BPU Assessment	\$	-	
\$/KWH Surcharge with SUT	\$	-	

For the Period June 2016 - May 2017

Forecasted Amortization (Straight Line)	\$	719,791	Table 2, Col 4
Forecasted CCRF (Based on 8.04% ROR, adj. for income tax)	\$	478,384	Table 2, Col 11
Ongoing O&M	\$	2,161,191	Table 2, Col 12
Forecasted PJM Market Revenues	\$	(2,543,723)	Table 2, Col 13
Forecasted Revenue Requirement	\$	905,652	
Total Annual Amount to be Recovered	\$	805,652	
Retail Sales - kwh	\$	9,628,937,213	
\$/KWH Surcharge	\$	0.000064	
BPU Assessment	\$	-	
\$/KWH Surcharge with SUT	\$	0.000090	

For the Period June 2017 - May 2018

Forecasted Amortization (Straight Line)	\$	770,279	Table 2, Col 4
Forecasted CCRF (Based on 8.04% ROR, adj. for income tax)	\$	428,492	Table 2, Col 11
Ongoing O&M	\$	2,640,001	Table 2, Col 12
Forecasted PJM Market Revenues	\$	(3,202,876)	Table 2, Col 13
Forecasted Revenue Requirement	\$	635,897	
Total Annual Amount to be Recovered	\$	635,657	
Retail Sales - kwh	\$	9,628,937,213	
\$/KWH Surcharge	\$	0.000066	
BPU Assessment	\$	-	
\$/KWH Surcharge with SUT	\$	0.000077	

ACE DLC Expenditure Breakdown June 2014 through May 2018

	2013 *	2014 E (Jan-May)	June 2014	Dec 2014	2015	2016	2017	Jan 2018	May 2018	Total
Total Active Participants				44,656	43,025	42,200	42,200		42,200	
Installation Schedule										
Outdoor switch (DCU)										
Thermostat				2,487	-	1,065	1,064		709	
Total Installed Devices				3,350	0	1,446	1,418		945	
Installation Cost										
Hardware	\$ 1,070,767	\$ 704,798	\$ 356,310	\$ -	\$ -	\$ 154,685	\$ 151,717	\$ -	\$ 202,337	\$ 865,049
Inventory Carrying Charges + Spares	\$ 908,886	\$ 494,017	\$ 249,750	\$ -	\$ -	\$ 108,424	\$ 105,344	\$ -	\$ 141,825	\$ 608,343
Load Research Meters	\$ -	\$ 234,725	\$ 12,471	\$ -	\$ -	\$ 5,414	\$ 5,310	\$ -	\$ 7,082	\$ 30,277
Load Research Feeders	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
Control System	\$ 90,000	\$ 23,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
Software & Database	\$ 55,680	\$ 261,381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
Contractor's Project Management	\$ 827,314	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
Subtotal, Equipment & Systems	\$ 2,790,155	\$ 1,718,120	\$ 618,531	\$ -	\$ -	\$ 268,522	\$ 263,371	\$ -	\$ 351,244	\$ 1,501,669
Customer Service & Support (incl Marketing)	\$ 2,053,075	\$ 1,085,798	\$ 281,133	\$ 634,701	\$ 1,201,203	\$ 1,201,203	\$ 1,283,367	\$ -	\$ 865,173	\$ 4,425,577
Customer Service Visits - Non Warranty	\$ 72,767	\$ 43,704	\$ 61,186	\$ 106,778	\$ 108,700	\$ 108,700	\$ 110,657	\$ -	\$ 47,313	\$ 434,634
Enrollment Incentives to Customers	\$ 489,600	\$ 329,345	\$ 166,500	\$ -	\$ -	\$ 72,283	\$ 70,896	\$ -	\$ 47,264	\$ 356,943
Load Research Monitoring	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
PHI project management expenses	\$ 150,188	\$ 83,333	\$ 92,800	\$ 160,000	\$ 162,880	\$ 162,880	\$ 165,812	\$ -	\$ 70,895	\$ 652,387
Measurement & Verification	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Radio Paging System Usage	\$ -	\$ -	\$ -	\$ 69,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,000
Control System	\$ 30,000	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,000
Software & Database	\$ -	\$ -	\$ 32,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,480
Contractor's Project Management	\$ -	\$ -	\$ 365,932,875	\$ 383,163,0658	\$ 390,060	\$ 390,060	\$ 387,081	\$ -	\$ 188,778	\$ 1,700,12,961
Subtotal, Mgmt & Operating Exp	\$ 2,795,630	\$ 1,567,181	\$ 1,035,032	\$ 1,510,325	\$ 2,132,176	\$ 2,132,176	\$ 2,177,808	\$ -	\$ 1,369,613	\$ 9,224,956
Total	\$ 5,585,785	\$ 3,285,301	\$ 1,653,563	\$ 1,510,325	\$ 2,460,700	\$ 2,460,700	\$ 2,441,180	\$ -	\$ 1,720,857	\$ 9,726,825

DOE Funding

	Program to May 2013	DOE Reimbursement	Forecast June - Oct 2013	Total
Expenditures subject to 10 Year Amortization	\$ 2,652,138	\$ 360,944	\$ -	\$ 3,013,083
Expenditures Subject to 1 Year Recovery	\$ 3,077,319	\$ 589,598	\$ -	\$ 3,666,917
	\$ 5,729,457	\$ 950,542	\$ -	\$ 6,680,000

* Actuals from January 1, 2013 through June 30, 2013, estimated from July 1, 2013 through December 31, 2013.

ATLANTIC CITY ELECTRIC COMPANY
 RGGI Recovery Charge
 Residential Controllable Smart Thermostat Program
 ACE Capital Structure 1-Jun-13

<u>Capital Structure</u>	<u>Weight</u>	<u>Rate</u>	<u>Weighted Rate</u>	<u>After Tax</u>	<u>Before Tax</u>
Long Term Debt	51.30%	6.41%	3.29%	1.95%	3.29%
Preferred Stock	0.00%	0.00%	0.00%	0.00%	0.00%
Common Stock	<u>48.70%</u>	9.75%	<u>4.75%</u>	<u>4.75%</u>	<u>8.03%</u>
Total	100.00%		8.04%	6.69%	11.32%

ATLANTIC CITY ELECTRIC COMPANY
 RGGI Recovery Charge
 Residential Controllable Smart Thermostat Program
 Computation of NJ Tax Factors

Line No.	Description	Statutory Tax Rate
1	BPU Assessment	0.236%
2	NJ Income Tax Rate	9.000%
3	Federal Income Tax Rate	35.00%

Line No.	Description	Computation	Total Tax Factor	Income Tax Factor
4	BPU Assessment	line 1	0.2360%	0.0000%
5	NJ Income Tax Factor	(100%-line 1) x line 2	8.9788%	9.0000%
6	Federal Income Tax Factor	(100% - (line 4 + line 5)) x line 3	31.7748%	31.8500%
7	Composite Tax Factor	line 4 + line 5 + line 6	40.9896%	40.8500%
8	Complement of Composite Tax Factor	100% - (line 4 + line 5 + line 6)	59.0104%	59.1500%

TABLE 1

Residential Controllable Smart Thermostat Program ("RCSTP") Annual RGGI Surcharge Filing
Proposed Settlement of PJM Bidding Issues

(A)	(B)	(C)	(D)	(E)	(F)	(G)	
Line	Month	Actual PJM Revenues Received	PJM Revenue Commitments	Difference Monthly (B)+(C)	Difference Cumulative	Interest Rate	Interest Amount 3/ (E)x((F)/12)
1	Jun-11	\$41,177	(\$31,030)	\$10,147	\$10,147	0.31%	\$3
2	Jul-11	\$42,550	(\$32,064)	\$10,486	\$20,633	0.29%	\$5
3	Aug-11	\$42,550	(\$32,064)	\$10,486	\$31,119	0.34%	\$9
4	Sep-11	\$41,177	(\$31,030)	\$10,147	\$41,266	0.30%	\$10
5	Oct-11	\$42,550	(\$32,064)	\$10,486	\$51,752	0.64%	\$28
6	Nov-11	\$41,177	(\$31,030)	\$10,147	\$61,899	0.66%	\$34
7	Dec-11	\$42,550	(\$32,064)	\$10,486	\$72,385	0.72%	\$43
8	Jan-12	\$42,550	(\$32,064)	\$10,486	\$82,871	0.83%	\$57
9	Feb-12	\$39,805	(\$29,996)	\$9,809	\$92,680	0.85%	\$65
10	Mar-12	\$42,550	(\$32,064)	\$10,486	\$103,166	0.90%	\$77
11	Apr-12	\$41,177	(\$31,030)	\$10,147	\$113,313	0.92%	\$87
12	May-12	\$42,550	(\$32,064)	\$10,486	\$123,799	0.42%	\$43
PJM Plan Year 11-12		\$502,364	(\$378,565)	\$123,799			\$461
13	Jun-12	\$2,500	(\$96,311)	(\$93,811)	\$29,987	0.41%	\$10
14	Jul-12	\$2,583	(\$99,522)	(\$96,939)	(\$66,951)	0.42%	(\$23)
15	Aug-12	\$2,583	(\$99,522)	(\$96,939)	(\$163,890)	0.41%	(\$57)
16	Sep-12	\$2,500	(\$96,311)	(\$93,811)	(\$257,701)	0.41%	(\$89)
17	Oct-12	\$2,583	(\$99,522)	(\$96,939)	(\$354,640)	0.42%	(\$123)
18	Nov-12	\$2,500	(\$96,311)	(\$93,811)	(\$448,451)	0.42%	(\$157)
19	Dec-12	\$2,583	(\$99,522)	(\$96,939)	(\$545,390)	0.41%	(\$185)
20	Jan-13	\$2,583	(\$99,522)	(\$96,939)	(\$642,328)	0.39%	(\$210)
21	Feb-13	\$2,333	(\$89,891)	(\$87,557)	(\$729,885)	0.36%	(\$216)
22	Mar-13	\$2,583	(\$99,522)	(\$96,939)	(\$826,824)	0.49%	(\$338)
23	Apr-13	\$2,500	(\$96,311)	(\$93,811)	(\$920,635)	0.49%	(\$376)
24	May-13	\$2,583	(\$99,522)	(\$96,939)	(\$1,017,574)	0.49%	(\$416)
PJM Plan Year 12-13		\$30,416	(\$1,171,789)	(\$1,141,373)			(\$2,178)

Actual Committed Levels
Under Completed PJM Auctions
(As of May 31, 2016)

Total Due Ratepayers	
PJM Commitments	(\$9,129,359)
Additional Payments	(\$300,000)
Interest	(\$38,475)
Total Due Ratepayers	(\$9,467,833)
PJM Revenues Received	\$7,341,684
Final Amount Due Ratepayers	(\$2,126,150)

TABLE 1

Residential Controllable Smart Thermostat Program ("RCSTP") Annual RGGI Surcharge Filing
Proposed Settlement of PJM Bidding Issues

(A)	(B)	(C)	(D)	(E)	(F)	(G)	
Line	Month	Actual PJM Revenues Received	PJM Revenue Commitments	Difference Monthly (B)+(C)	Difference Cumulative	Interest Rate	Interest Amount 3/ (E)x((F)/12)
25	Jun-13	\$64,800	(\$251,709)	(\$186,909)	(\$1,204,483)	0.49%	(\$492)
26	Jul-13	\$66,960	(\$260,100)	(\$193,140)	(\$1,397,623)	0.49%	(\$571)
27	Aug-13	\$66,960	(\$260,100)	(\$193,140)	(\$1,590,763)	0.49%	(\$650)
28	Sep-13	\$64,800	(\$251,709)	(\$186,909)	(\$1,777,672)	0.49%	(\$726)
29	Oct-13	\$66,960	(\$260,100)	(\$193,140)	(\$1,970,812)	0.49%	(\$805)
30	Nov-13	\$64,800	(\$251,709)	(\$186,909)	(\$2,157,722)	0.49%	(\$882)
31	Dec-13	\$66,960	(\$260,100)	(\$193,140)	(\$2,350,861)	0.49%	(\$961)
32	Jan-14	\$66,960	(\$260,100)	(\$193,140)	(\$2,544,001)	0.49%	(\$1,040)
33	Feb-14	\$60,480	(\$234,929)	(\$174,449)	(\$2,718,450)	0.49%	(\$1,111)
34	Mar-14	\$66,960	(\$260,100)	(\$193,140)	(\$2,911,590)	0.49%	(\$1,190)
35	Apr-14	\$64,800	(\$251,709)	(\$186,909)	(\$3,098,499)	0.49%	(\$1,266)
36	May-14	\$66,960	(\$260,100)	(\$193,140)	(\$3,291,639)	0.49%	(\$1,345)
PJM Plan Year 13-14		\$788,400	(\$3,062,465)	(\$2,274,065)			(\$11,039)
37	Jun-14	\$200,138	(\$157,126)	\$43,012	(\$3,248,626)	0.49%	(\$1,328)
38	Jul-14	\$206,810	(\$162,363)	\$44,446	(\$3,204,180)	0.49%	(\$1,309)
39	Aug-14	\$206,810	(\$162,363)	\$44,446	(\$3,159,734)	0.49%	(\$1,291)
40	Sep-14	\$200,138	(\$157,126)	\$43,012	(\$3,116,722)	0.49%	(\$1,274)
41	Oct-14	\$206,810	(\$162,363)	\$44,446	(\$3,072,275)	0.49%	(\$1,255)
42	Nov-14	\$200,138	(\$157,126)	\$43,012	(\$3,029,263)	0.49%	(\$1,238)
43	Dec-14	\$206,810	(\$162,363)	\$44,446	(\$2,984,817)	0.49%	(\$1,220)
44	Jan-15	\$206,810	(\$162,363)	\$44,446	(\$2,940,371)	0.49%	(\$1,202)
45	Feb-15	\$186,796	(\$146,651)	\$40,145	(\$2,900,226)	0.49%	(\$1,185)
46	Mar-15	\$206,810	(\$162,363)	\$44,446	(\$2,855,780)	0.49%	(\$1,167)
47	Apr-15	\$200,138	(\$157,126)	\$43,012	(\$2,812,767)	0.49%	(\$1,149)
48	May-15	\$206,810	(\$162,363)	\$44,446	(\$2,768,321)	0.49%	(\$1,131)
PJM Plan Year 14-15		\$2,435,017	(\$1,911,699)	\$523,318			(\$14,749)

Actual Committed Levels
Under Completed PJM Auctions
(As of May 31, 2016)

TABLE 1

Residential Controllable Smart Thermostat Program ("RCSTP") Annual RGGI Surcharge Filing
Proposed Settlement of PJM Bidding Issues

(A)	(B)	(C)	(D)	(E)	(F)	(G)	
Line	Month	Actual PJM Revenues Received	PJM Revenue Commitments	Difference Monthly (B)-(C)	Difference Cumulative	Interest Rate	Interest Amount 3/ (E)x((F)/12)
49	Jun-15	\$293,892	(\$213,512)	\$80,381	(\$2,687,940)	0.49%	(\$1,099)
50	Jul-15	\$303,689	(\$220,629)	\$83,060	(\$2,604,880)	0.49%	(\$1,054)
51	Aug-15	\$303,689	(\$220,629)	\$83,060	(\$2,521,820)	0.49%	(\$1,031)
52	Sep-15	\$293,892	(\$213,512)	\$80,381	(\$2,441,439)	0.49%	(\$998)
53	Oct-15	\$303,689	(\$220,629)	\$83,060	(\$2,358,379)	0.49%	(\$964)
54	Nov-15	\$293,892	(\$213,512)	\$80,381	(\$2,277,998)	0.49%	(\$931)
55	Dec-15	\$303,689	(\$220,629)	\$83,060	(\$2,194,938)	0.49%	(\$897)
56	Jan-16	\$303,689	(\$220,629)	\$83,060	(\$2,111,878)	0.49%	(\$863)
57	Feb-16	\$284,096	(\$206,394)	\$77,701	(\$2,034,176)	0.49%	(\$831)
58	Mar-16	\$303,689	(\$220,629)	\$83,060	(\$1,951,116)	0.49%	(\$797)
59	Apr-16	\$293,892	(\$213,512)	\$80,381	(\$1,870,735)	0.49%	(\$764)
60	May-16	\$303,689	(\$220,629)	\$83,060	(\$1,787,675)	0.49%	(\$731)
PJM Plan Year 15-16		\$3,585,486	(\$2,604,840)	\$980,646			(\$10,969)
61	Jun-16	\$209,073	(\$161,898)	\$47,175	(\$1,740,500)	0.49%	(\$711)
62	Jul-16	\$216,042	(\$167,294)	\$48,748	(\$1,691,752)	0.49%	(\$691)
63	Aug-16	\$216,042	(\$167,294)	\$48,748	(\$1,643,004)	0.49%	(\$671)
64	Sep-16	\$209,073	(\$161,898)	\$47,175	(\$1,595,828)	0.49%	(\$652)
65	Oct-16	\$216,042	(\$167,294)	\$48,748	(\$1,547,080)	0.49%	(\$632)
66	Nov-16	\$209,073	(\$161,898)	\$47,175	(\$1,499,905)	0.49%	(\$613)
67	Dec-16	\$216,042	(\$167,294)	\$48,748	(\$1,451,157)	0.49%	(\$593)
68	Jan-17	\$216,042	(\$167,294)	\$48,748	(\$1,402,409)	0.49%	(\$573)
69	Feb-17	\$195,135	(\$151,104)	\$44,030	(\$1,358,378)	0.49%	(\$555)
70	Mar-17	\$216,042	(\$167,294)	\$48,748	(\$1,309,630)	0.49%	(\$535)
71	Apr-17	\$209,073	(\$161,898)	\$47,175	(\$1,262,455)	0.49%	(\$516)
72	May-17	\$216,042	(\$167,294)	\$48,748	(\$1,213,707)	0.49%	(\$496)
PJM Plan Year 16-17		\$2,543,723 2/	(\$1,969,755) 1/	\$573,968			(\$7,240)

Actual Committed Levels
Under Completed PJM Auctions
(As of May 31, 2016)

Forecasted Levels
Under Future PJM Auctions

At Assumed PJM Clearing Price of: \$119.13

Total Due Ratepayers	
PJM Commitments	(\$4,449,930)
Additional Payments	\$0
Interest	(\$11,269)
Total Due Ratepayers	(\$4,461,199)
PJM Revenues Received	\$5,746,598
Final Amount Due Ratepayers	\$1,285,400

TABLE 1

Residential Controllable Smart Thermostat Program ("RCSTP") Annual RGGI Surcharge Filing
Proposed Settlement of PJM Bidding Issues

(A)	(B)	(C)	(D)	(E)	(F)	(G)	
Line	Month	Actual PJM Revenues Received	PJM Revenue Commitments	Difference Monthly (B)+(C)	Difference Cumulative	Interest Rate	Interest Amount 3/ (E)x((F)/12)
73	Jun-17	\$263,250	(\$203,850)	\$59,400	(\$1,154,307)	0.49%	(\$472)
74	Jul-17	\$272,025	(\$210,645)	\$61,380	(\$1,092,927)	0.49%	(\$447)
75	Aug-17	\$272,025	(\$210,645)	\$61,380	(\$1,031,547)	0.49%	(\$422)
76	Sep-17	\$263,250	(\$203,850)	\$59,400	(\$972,147)	0.49%	(\$397)
77	Oct-17	\$272,025	(\$210,645)	\$61,380	(\$910,767)	0.49%	(\$372)
78	Nov-17	\$263,250	(\$203,850)	\$59,400	(\$851,367)	0.49%	(\$348)
79	Dec-17	\$272,025	(\$210,645)	\$61,380	(\$789,987)	0.49%	(\$323)
80	Jan-18	\$272,025	(\$210,645)	\$61,380	(\$728,607)	0.49%	(\$298)
81	Feb-18	\$245,700	(\$190,260)	\$55,440	(\$673,167)	0.49%	(\$275)
82	Mar-18	\$272,025	(\$210,645)	\$61,380	(\$611,787)	0.49%	(\$250)
83	Apr-18	\$263,250	(\$203,850)	\$59,400	(\$552,387)	0.49%	(\$226)
84	May-18	\$272,025	(\$210,645)	\$61,380	(\$491,007)	0.49%	(\$201)
PJM Plan Year 17-18		\$3,202,875 2/	(\$2,480,175) 1/	\$722,700			(\$4,029)
SubTotal		\$13,088,282	(\$13,579,289)		(\$491,007)		(\$49,743)
Additional Payment			(\$300,000)		(\$300,000)		

Forecasted Levels
Under Future PJM Auctions

Actual and Forecasted Levels Under Past and Future PJM Auctions

Total Due Ratepayers		
PJM Commitments		(\$13,579,289)
Additional Payments		(\$300,000)
Interest		(\$49,743)
Total Due Ratepayers		(\$13,929,032)
PJM Revenues Received		\$13,088,282
Final Amount Due Ratepayers		(\$840,750)

1/ Assumes that 45.3MWs are bid into PJM as ratepayers share at a clearing price estimated at \$150 per MW

2/ Assumes that 58.5MWs are bid into the PJM at a clearing prices estimated at \$150 per MW

3/ Short Term Interest Rate per Stipulation, rates are based on actuals through February 2013 and estimated with no change through May 2018.

On an annual basis, the RCSTP Component of the RGGI Recovery Charge (RRC) will be updated to reflect forecasted information for the upcoming 12 month period as well as a reconciliation of the prior periods based on actual results. The rate year for RCSTP Component of the RRC Charge will be the twelve month period starting June 1 of each year.

1. RCSTP PROGRAM COST RECOVERY MECHANISM

RCSTP program costs are recovered through the amortization of equipment installation costs over a 10 year period. Program marketing, evaluation, administrative costs and participant incentives costs are recovered as ongoing expenses on an annual basis. Detailed amortization tables are provided on pages 4 through 9 of Attachment I of this filing. Column Header labels provide explanation of the calculations within each column. For each program year, a separate 10 year amortization schedule is developed. In the initial 12 months of each program year, the tables are based on fully forecasted information. The forecasted amortization schedule is developed by dividing the forecasted expenditures by the appropriate amortization period. A monthly amortization expense is developed by multiplying the annual amortization amount by the ratio of the forecasted monthly sales to the annual forecasted sales. In succeeding periods of each of the program years, forecasted information is replaced with actual costs and amortization levels.

Pages 1 through 3 of Exhibit A provide the detailed rate design calculation template. The template consists of the three sections, one for each of the major areas of the rate design calculation. Calculation steps in each Section are further broken down into Tables. Actual input data from accounting records or forecast data is identified using blue text.

Section I Forecasted Year Amortization Schedule

Table 1 Forecasted Program Year Monthly Delivered Sales.

Table 1 provides the forecasted monthly delivered sales based on the approved Budget and Forecast for the period.

Table 2 Forecasted Program Year Monthly Amortization and Capital Cost Recovery Factor (CCRF)

Table 2 provides the detailed amortization schedule for the upcoming 12 month period. Column 2 provides the unamortized beginning balance, starting with the sum of the amounts input from the amortization tables for prior program years. Column 3 provides the monthly estimate of the current year costs, based on the total forecasted cost input. Column 4 provides the monthly amortization expense for current year based on the sum of amortization of current program year costs plus the amortization of any prior program year costs. The estimated annual amortization expense is then allocated on a monthly basis, based on the forecasted current year sales provided in Table 1. Columns 5 through 8 develop the unamortized ending balance, net of accumulated taxes. The monthly balance is calculated as the Column 2 Starting Balance plus the Column 3 monthly program costs less the monthly forecasted amortization in Column 4. The balance is adjusted to reflect deferred taxes associated with the ongoing program costs

in Column 3. In Column 10 the net of tax forecasted balance is then multiplied by the monthly net of tax ROR shown in Column 9 to develop the monthly return amount. Column 11 provides the appropriate income tax gross up of the Column 10 return, which is required to develop revenue requirements. Column 12 provides the total ongoing expenses forecasted for the month. Column 13 provides forecasted revenue associated with capacity and energy sales into PJM administered markets. A monthly revenue requirement is developed in Column 14.

Section II Prior Year True Up

On an annual basis, a true up will be made of actual RCSTP component of RRC revenue billed in the previous year and actual revenue associated with capacity and energy sales into PJM administered markets versus the revenue requirement for the period determined based on actual period sales and costs. The actual revenue requirement for the prior year is developed using the approach described below.

Table 3 Actual Prior Year Monthly Revenue Requirement

Table 3 is similar to Table 2, with the exception that it includes only actual costs for the prior year. Inputs for Table 3 are derived from the corresponding actual data included for the appropriate months in the amortization tables.

Table 4 Prior Year Monthly Over/Under Recovered Balance

Table 4 develops the prior year true up amount, including interest by comparing the calculated revenue requirement developed in Table 3 to actual booked revenue on a monthly basis. Column 4 of the Table also provides actual revenue associated with capacity and energy sales into PJM administered markets. A monthly over or under recovery balance is determined on a running basis. Interest on the after tax over or under recovery balance is calculated on a monthly basis using the Company's then-current short term debt rate in Columns 5 through 10.

Table 5 Forecasted Recovery of Prior Year Over/Under Recovered Balance

Table 5 develops the recovery schedule for the prior year true up amount, including interest. The estimated annual amortization expense is allocated on a monthly basis, based on the forecasted current year sales provided in Table 1. Interest on the after tax unamortized balance is calculated on a monthly basis using the Company's current short term debt rate in Columns 4 through 8.

Section III Proposed RCSTP Component of the RRC Calculation

Using the results of the calculations from Section I and II, the Demand Response Component of the RGGI Recovery Charge is developed based on current year forecasted delivered sales from Table 1. If the revenue requirement is less than zero, the Demand Response component of the RGGI Recovery Charge will be set to zero and the amount of the revenue requirement which is less than zero will be used to reduce the unamortized equipment cost balance.

Exhibit D

(As Revised From Petition Dated
September 30, 2013)

ATLANTIC CITY ELECTRIC COMPANY

BPU NJ No. 11 Electric Service - Section IV

Revised Sheet Replaces Sheet No. 64

RIDER RGGI

Regional Greenhouse Gas Initiative Recovery Charge

A. Applicability

This rider is applicable to Rate Schedules RS, MGS Secondary, MGS Primary, AGS Secondary, AGS Primary, TGS, DDC, SPL and CSL. Amounts billed to customers shall include a charge to reflect regional greenhouse gas initiative program costs. Except where indicated otherwise, Rider "RGGI" will be determined annually based on projections of program costs (including an adjustment for variances between budgeted and actual prior year expenditures) and forecasts of kilowatt hour sales. The charge (in dollars per kilowatt hour) will be computed by dividing the total annual amount to be recovered for by forecasted retail sales (in kilowatt hours).

RGGI Programs

Residential Controllable Smart Thermostat Program (RCSTP) (\$/kWh) \$0.000010
This charge component is intended to recover costs associated with the Residential Controllable Smart Thermostat Demand Response Program.

Solar Renewable Energy Credit (SREC) (\$/kWh) \$0.000610
This charge component is intended to recover net costs associated with the Solar Renewable Energy Credit Program.

Date of Issue:

Effective Date: