



Agenda Date: 9/17/18  
Agenda Item: IIA

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
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 FOR ) ORDER SUSPENDING INCREASES,  
APPROVAL OF AMENDMENTS TO ITS TARIFF ) CHANGES OR ALTERATIONS IN  
TO PROVIDE FOR AN INCREASE IN RATES AND ) RATES FOR SERVICE  
CHARGES FOR ELECTRIC SERVICE PURSUANT )  
TO N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1, AND )  
FOR OTHER APPROPRIATE RELIEF (2018) ) BPU DOCKET NO. ER18080925

**Parties of Record:**

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

**BY THE BOARD:**

On August 21, 2018, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12, Atlantic City Electric Company ("ACE" or "Company"), a public utility of the State of New Jersey subject to the jurisdiction of the New Jersey Board of Public Utilities ("Board"), filed a petition for approval of an increase in its current base rates for electric service of approximately \$116.5 million, including Sales and Use Tax, to be effective for electric service provided on or after September 21, 2018.

The Company is also requesting a return on equity of 10.10%. According to the petition, the primary reason for the requested increase is that the Company's current base rates do not: (i) provide sufficient operating revenues to reflect increased investment in the Company's rate base, meet operating expenses, taxes, and fixed charges, and maintain its financial viability; and (ii) provide an opportunity to earn a reasonable rate of return on the fair value of the Company's property.

In its petition, ACE seeks authority from the Board to: (i) increase rates and charges for electric service that would result from the proposed amendments to the Company's tariff; (ii) create a regulatory asset to record the costs to achieve merger synergy savings and to amortize those costs over a five (5) year period; (iii) incorporate the results of its Cost of Service Study and consider the unitized rate of return for each customer rate class in the allocation of overall revenue requirements among rate classes; and (iv) modify certain charges, including monthly customer charges, and update its tariff for certain tariff modifications.

Additionally, the Company is requesting that the Board (i) relieve it of the obligation to file an alternative rate design using Peak and Average Coincident Peak method as required by the Board in the Order issued in connection with in Docket No. ER03020110; (ii) approve ACE's proposed revenue decoupling mechanism; and (ii) approve the use of its depreciation rates based on the Company's deprecation study.

It appearing that the proposed revisions, if approved, will increase existing rates and change or alter existing classifications in the Company's tariff, it is **HEREBY ORDERED** that:

(1) Pursuant to N.J.S.A. 48:2-21(d), and consistent with N.J.A.C. 14:1-5.12 the proposed revisions are suspended until November 15, 2018, unless prior to that date the Board makes a determination disposing of the petition or enters an Order further suspending the proposed revisions;

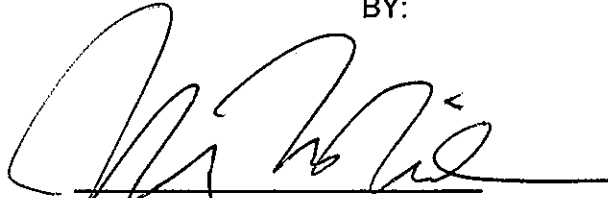
(2) ACE shall, at least ten (10) days prior to the date set for hearing on the petition by the Office of Administrative Law ("OAL"), file with this Board and with the OAL, proof of compliance with the notice provisions of N.J.S.A. 48:2-32.2 and N.J.A.C. 14:1-5.12(b) and (c), which notice shall include a statement that any relief found by the Board to be just and reasonable may be allocated by the Board to any class or classes of customers on any rate or schedule as the Board may determine; and


(3) ACE shall serve copies of this Order upon the OAL, the Division of Rate Counsel (140 East Front Street, 4th Floor, Post Office Box 003, Trenton, N.J. 08625), the clerk of each affected municipality, the clerk of the Boards of Chosen Freeholders of the affected county, and where appropriate, the executive officer of the affected county within its service area. Service of the petition, notice of hearings and this Order may be made simultaneously. Proof of Service of this Order shall be filed with the Board.

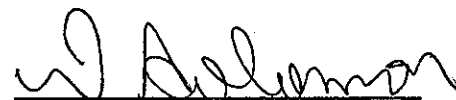
This Order shall be effective on September 17, 2018.

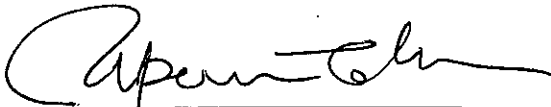
DATED: 9/17/18

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ATTEST:   
AIDA CAMACHO-WELCH  
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 FOR  
APPROVAL OF AMENDMENTS TO ITS TARIFF TO PROVIDE FOR AN INCREASE IN  
RATES AND CHARGES FOR ELECTRIC SERVICE PURSUANT TO N.J.S.A. 48:2-21 AND  
N.J.S.A. 48:2-21.1, AND FOR OTHER APPROPRIATE RELIEF (2018)  
BPU DOCKET NO. ER18080925**

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