



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
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Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF ATLANTIC)	DECISION AND ORDER
CITY ELECTRIC COMPANY FOR APPROVAL TO)	APPROVING THE PASS-
IMPLEMENT FERC-APPROVED CHANGES TO ACE's)	THROUGH OF FERC
RETAIL TRANSMISSION (FORMULA) RATE)	AUTHORIZED CHANGES IN
PURSUANT TO PARAGRAPHS 15.9 OF BGS-FP AND)	FIRM TRANSMISSION
BGS-CIEP SUPPLIER MASTER AGREEMENTS AND)	SERVICE RELATED
TARIFF FILING REFLECTING CHANGES TO)	CHARGES
SCHEDULE 12 CHARGES IN PJM OPEN ACCESS)	
TRANSMISSION TARIFF (2013))	DOCKET NO. ER13070666

Parties of Record:

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

BY THE BOARD:

By letter dated July 19, 2013, Atlantic City Electric Company ("ACE" or "Company") filed a petition with the New Jersey Board of Public Utilities (Board) requesting approval to recover changes in retail transmission ("formula") rates approved by the Federal Energy Regulatory Commission ("FERC"). Specifically, the Company requests approval to implement new FERC-approved Transmission Rates and Transmission Enhancement Charges ("TECs") and the consequent changes in the Basic Generation Service – Fixed Price ("BGS-FP") and BGS-Commercial and Industrial Energy Price ("CIEP") charges to its customers effective as of September 15, 2013. ACE further requests that the affected BGS suppliers receive the appropriate compensation for the related rate adjustment(s), subject to the terms and conditions of the appropriate BGS-FP and/or BGS-CIEP Supplier Master Agreements ("SMA"). Any differences between payments to BGS suppliers and charges to customers would flow through the BGS Reconciliation Charges.

The Company stated that this filing satisfies the requirements of paragraph 15.9 of the BGS-FP and BGS-CIEP SMAs which mandate that BGS-FP and BGS-CIEP suppliers be notified of rate increases and decreases for firm transmission service, and that the electric distribution companies ("EDCs") file for and obtain Board approval of the rate changes commensurate with the FERC-implemented rate changes.

BACKGROUND

ACE states that as part of a settlement approved by FERC on or about August 9, 2004, certain transmission owners in PJM Interconnection, L.L.C. ("PJM"), including ACE, agreed to reexamine their existing rates and propose a method (such as a formula rate) to harmonize new and existing transmission investments by January 31, 2005. It was anticipated that such new rates (if any) would go into effect on or by June 1, 2005. On January 31, 2005, ACE, among others, filed a formula rate proposal for determining the wholesale transmission revenue requirements applicable in its PJM rate zone pursuant to the PJM tariff, to be effective on or about June 1, 2005. According to ACE, the objective of the formula rate filing was to establish a just and reasonable method for determining transmission revenue requirements for the affected transmission pricing zones which would reflect existing and new investment on a current basis. The formula rate tracks increases and decreases in costs such that no under-recovery and no over-recovery of actual costs will occur.

On March 20, 2006, certain transmission owners within PJM filed an uncontested settlement in Docket No. ER04-515-000 ("Settlement"). The Settlement was approved by FERC on or about April 19, 2006. FERC also accepted the revised tariff sheets for filing effective June 1, 2005. The formula rate implementation protocols included provisions for an annual update to the Annual Transmission Revenue Requirements (the "Transmission Rate") based on current levels of costs and the reconciliation of prior period costs and revenues. Moreover, the Settlement provided that on or about May 15 of each year ACE shall recalculate its Transmission Rate, produce an Annual Update for the upcoming year.

ACE filed an update to the formula rate at FERC on or about May 15, 2013, to be effective June 1, 2013. The formula rate update also incorporated a number of transmission enhancement projects that are included in Schedule 12 of the PJM Open Access Transmission Tariff ("OATT"). According to ACE, the PJM OATT details TECs which were implemented to compensate transmission owners for the annual transmission revenue requirements for "Required Transmission Enhancements" that are requested by PJM for reliability or economic purposes. TECs are recovered by PJM through an additional transmission charge in the transmission zones assigned cost responsibility for Required Transmission Enhancement projects. In accordance with an Order approved by the Board dated January 23, 2013, in BPU Docket No. ER12121086, ACE was authorized to recover the FERC-approved TECs found in Schedule 12 of the OATT for the Potomac Appalachian Transmission Highline, L.L.P. ("PATH") project, and for certain projects of the Virginia Electric and Power Company ("VEPCo").

On or about May 15, 2013, formula rate update filings were made by PPL Electric Utilities Corporation ("PPL") in FERC Docket No. ER09-1148, American Electric Power Service Corporation (AEP) in FERC Docket No. ER08-1329, Trans-Allegheny Interstate Line Company ("TrAILCo") in FERC Docket No. ER07-562, Delmarva Power and Light ("Delmarva") in Docket No. ER09-1158, and Potomac Electric Power Company ("Pepco") in Docket No. ER09-1159, with rates to be effective as of June 1, 2013. Each of these formula rate update filings includes TECs that are applicable to customers in the ACE service territory. In its Order dated October 22, 2003 in BPU Docket No. EO03050394, the Board authorized the EDCs to recover FERC-approved changes in firm transmission service-related charges. According to ACE, the Board has also authorized recovery of FERC-approved changes in firm transmission service-related charges in subsequent orders approving the BGS supply procurement process and the associated SMAs. Pursuant to these Board Orders, the Company has recovered the TECs as part of its BGS-FP and BGS-CIEP costs, and the Transmission Rates have been modified in accordance with the Board-approved methodology contained in the Company-Specific Addenda provided pursuant to the BGS dockets referenced above.

An adjustment to BGS supplier accounts for the period June 1, 2013 through May 31, 2014 will be made upon the Board's approval of this request. For the period beginning June 1, 2013, Petitioner will track amounts associated with the rate change to BGS suppliers in accordance with ¶¶ 15.9(a)(iii) and (iv) of the BGS-FP and BGS-CIEP SMAs until receipt of final FERC action on the 2013 informational filing.

Based on the allocation of the TEC charges of the Company's formula transmission rates among the service classes in accordance with ACE's tariff, the monthly bill for a typical ACE residential customer using 700 kWh per month will increase by approximately 30 cents (including Sales and Use Tax) or .26 %.

DISCUSSION AND FINDINGS

In the Board's Order dated December 2, 2003, in Docket No. EO03050394, the Board found that the pass through of any changes in the network integration transmission charge, and other charges associated with the FERC-approved OATT, is appropriate. Furthermore, by subsequent Orders, the Board approved Section 15.9 of the SMAs as filed by ACE and the other EDCs which requires that the EDCs file for Board approval of any increases or decreases in their transmission charges that have been approved by FERC. The SMAs also authorize the EDCs to adjust the rates paid to suppliers for FERC-approved rates and increases to Firm Transmission Services once approved by the Board. The Board Orders further require that the EDCs review and verify the requested FERC authorized increases.

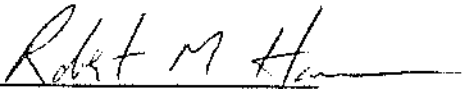
After review of the verification and supporting documentation, the Board **HEREBY FINDS** that the July 19, 2013 filing satisfies ACE's obligations under paragraph 15.9 (a)(i) and (ii) of the relevant SMAs, and **HEREBY APPROVES** the changes to the BGS-FP and BGS-CIEP rates requested by ACE for its increased transmission charges resulting from the FERC-approved changes to the TECs effective for service on or after October 1, 2013.

ACE is **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate increase subject to the terms and conditions of the SMAs.


Further, the Board **HEREBY DIRECTS** ACE to file tariffs and rates consistent with the Board's findings by October 1, 2013.

DATED: 9/18/13

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT

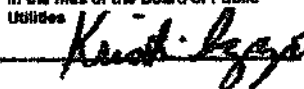

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ATTEST: 
KRISTI IZZO
SECRETARY

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 FOR
 APPROVAL TO IMPLEMENT FERC-APPROVED CHANGES TO ACE'S RETAIL
 TRANSMISSION (FORMULA) RATE PURSUANT TO PARAGRAPHS 15.9 OF BGS-FP AND
 BGS-CIEP SUPPLIER MASTER AGREEMENTS AND TARIFF FILING REFLECTING
 CHANGES TO SCHEDULE 12 CHARGES IN PJM OPEN ACCESS TRANSMISSION TARIFF
 (2013)

DOCKET NO. ER13070666

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