



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu

IN THE MATTER OF THE PETITION OF ATLANTIC		<u>ENERGY</u>
CITY ELECTRIC COMPANY, PURSUANT TO)	
<u>N.J.S.A. 48:2-13 AND N.J.S.A. 48:3-9 FOR</u>)	ORDER
AUTHORITY TO ISSUE SHORT-TERM)	
INDEBTEDNESS PRIOR TO JANUARY 1, 2010)	DOCKET NO. EF07080625

(SERVICE LIST ATTACHED)

BY THE BOARD¹:

On August 17, 2007, Atlantic City Electric Company ("Petitioner"), a subsidiary of Pepco Holdings, Inc., and a public utility of the State of New Jersey, filed a petition with the New Jersey Board of Public Utilities ("Board") requesting authority pursuant to N.J.S.A. 48:2-13 and N.J.S.A. 48:3-9 to continue to issue, renew or extend unsecured short-term indebtedness ("Short-Term Debt") from time to time prior to January 1, 2010, in an aggregate principal amount outstanding at any one time not in excess of \$250 million. The Board, in its Order in Docket No. EF05080685, authorized Petitioner to issue similar Short-Term Debt through January 1, 2008.

Cash requirements associated with Petitioner's construction program will be provided by means of internally generated funds, and, to the extent necessary, through external financing. However, Petitioner anticipates that short-term external financing will be necessary to provide for debt maturities and sinking fund requirements, temporary financing of construction program expenditures, and other general corporate transactions. Petitioner has requested that the Board extend to January 1, 2010, the authorization previously granted by this Board in its Order dated December 5, 2005 in Docket No. EF05080685 relating to the issuance of Short-Term Debt by the Petitioner and to establish a limit of \$250 million with regard to the aggregate amount of Short-Term Debt that may be outstanding at any one time.

As a result of the Affiliate Standards audit and BPU Docket No. EA02020095 (Ace Money Pool Audit Recommendation), ACE agreed to discontinue investing in the PHI money pool as of October 15, 2006. Petitioner has stated that there will be no inter-company loans during the specified period of authorization provided by this Order.

¹ Due to a potential conflict of interest, Commissioner Frederick F. Butler did not participate in the deliberation or vote in this matter.

The Division of Rate Counsel has reviewed this petition and has stated that it is not opposed to Board approval. Rate Counsel also respectfully reserves its right to examine this transaction in the context of any future rate cases the Petitioner may have.

Staff has reviewed the continuing electric construction program of Petitioner for which a portion of these moneys is intended, for the purpose of temporary financing, and has found that the funds for the construction program will be used for utility purposes to allow Petitioner to expand and improve its facilities.

The Board, after investigation, having considered the exhibits submitted in this matter and being satisfied that issuance, from time to time, of Short-Term Debt as proposed by Petitioner is to be made in accordance with law, is in the public interest and approving the purposes thereof, HEREBY ORDERS that Petitioner be and is HEREBY AUTHORIZED to issue unsecured short-term indebtedness payable not more than twelve (12) months after the date or dates thereof, from time to time prior to January 1, 2010, in an aggregate principal amount outstanding at any one time not in excess of \$250 million.

This Order is issued subject to the following provisions:

1. Within 30 days after the close of each fiscal quarter, Petitioner shall file with the Board a statement setting forth in reasonable detail the amounts of its unsecured indebtedness outstanding, the dates of issue and maturity and the rates of interest thereon;
2. This Order shall not be construed as a certification that the securities proposed to be issued will be represented by tangible or intangible assets of commensurate value or investment costs;
3. This Order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner;
4. This Order shall not affect or in any way limit the exercise of the authority of this Board or of this State, in any future petition or in any proceeding with respect to rates, franchises, service, financing, accounting, capitalization, depreciation or in any other matter affecting the Petitioner;
5. Petitioner shall submit to the Office of the Economist and to Board Staff copies of all resolutions that shall be adopted by the Board of Directors of Petitioner during the term of this Order, which shall have the effect of changing the amount of unsecured indebtedness within the limits established by this Order. Such submittals shall be for informational purposes only, and shall be made within ten (10) days following the taking of such action by Petitioner's Board of Directors; and
6. On each day where the Petitioner determines that it requires short-term funds in the form of commercial paper, Petitioner shall first obtain competitive bids from at least two (2) commercial paper dealers. Petitioner shall then select the bid representing the lowest rate and best terms to Atlantic City Electric and to its New Jersey ratepayers.

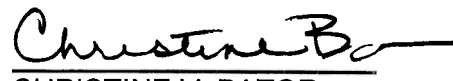
- 7 The authority granted in this Order shall become null and void and of no effect with respect to any portion which is not exercised prior to January 1, 2010.

DATED: 11/29/07

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT

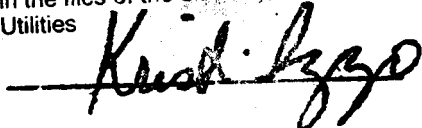

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
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, pursuant to N.J.S.A. 48:2-13 and
N.J.S.A. 48:3-9 for Authority to Issue Short-Term Indebtedness prior to January 1, 2010
Docket No. EF07080625

SERVICE LIST

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