



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

ENERGY

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

ORDER ADOPTING
STIPULATION

DOCKET NO. ER07060356

(SERVICE LIST ATTACHED)

BY THE BOARD¹:

On June 1, 2007, Atlantic City Electric Company ("Atlantic" or the "Company") filed a Petition with the New Jersey Board of Public Utilities ("Board" or "BPU") seeking the Board's approval to reconcile and update Atlantic's Non-Utility Generation Charge ("NGC") and its Societal Benefits Charge ("SBC").

Atlantic's NGC provides for recovery of the above-market portion of payments made under the Company's Non-Utility Generation ("NUG") contracts and certain costs associated with such commitments. Atlantic'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 Company's Petition proposed to reset the NGC for the period October 1, 2007 through September 30, 2008 based on an over-recovery of \$234.6 million based on actual data for the period August 1, 2003 through March 31, 2007 and estimated data for the period of April 2007 through September 2007. The Petition also proposed to adjust specific components of the SBC, including the "Consumer Education Program," "Uncollectible Charge" and CEP for the period October 1, 2007 through September 30, 2008 based on an under-recovery of approximately \$19.482 million for the period of August 1, 2003 through March 31, 2007. The net impact of the Petition, including future cost projections and Sales and Use tax, is an overall net decrease of approximately \$131.8 million.

¹Due to a potential conflict of interest, Commissioners Christine V. Bator and Joseph L. Fiordaliso did not participate in the vote or deliberations in this matter.

In December 2007, the Board transmitted the Petition to the Office of Administrative Law ("OAL") as a contested case. The matter was assigned to W. Todd Miller, Administrative Law Judge ("ALJ") (Atlantic City vicinage) and was docketed by the OAL as PUC10620-07. ALJ Miller conducted a telephone prehearing conference on February 14, 2008. Representatives from the Company, the New Jersey Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"), and Board Staff ("Staff") were present. (The parties will be referred to collectively herein and in the attached Stipulation of Settlement as the "Signatory Parties.")

The Signatory Parties conducted discovery and participated in a number of meetings and discussions to review outstanding issues and explore settlement. As a result of those meetings and related discussions, a Stipulation of Settlement was signed by the Signatory Parties on May 1, 2008.

STIPULATION²

The Stipulation provides for the following:

1. The Signatory Parties stipulate and agree that the Company's updated filing in this proceeding indicates a projected over-recovered NGC balance (updated for actuals through March 31, 2008 and estimated for the months of April 2008 and May 2008) of \$254.220 million.
2. The Signatory Parties stipulate and agree that the Company's updated filing in this proceeding indicates a projected under-recovered SBC balance (updated for actuals through March 31, 2008 and estimated for the months of April 2008 and May 2008) of \$26.044 million.
3. The Signatory Parties agree that it is in the best interest of ACE's customers to return the net over-recovery of \$117.3 million³ to ratepayers as soon as possible. The Signatory Parties therefore stipulate and agree that the NGC over-recovery reflected in the Settlement Schedules attached to this Stipulation as Exhibit A shall be returned to ratepayers commencing on or by June 1, 2008 and shall be amortized and paid over a 48 month period.
4. The Signatory Parties stipulate and agree to amortize via a negative NGC rider, the NGC over-recovery balance of \$254.220 million over the next four (4) years, or by approximately \$66.216 million annually. Inasmuch as ACE is forecasting for the period June 1, 2008 through May 31, 2009, \$28.515 million of above-market NUG costs to be recovered over the next twelve (12) months, the rate will reflect a \$37.701 million annual credit to the Company's NGC charge⁴.

²This is only a summary of the key provisions. The Stipulation of Settlement is the controlling document, subject to the findings and conclusions set forth in this Order.

³See Page 1 of Settlement Schedule 1 for the calculation of the net over-recovery.

⁴See Exhibit A of the Stipulation

5. The Signatory Parties further stipulate and agree that the Company recover through the SBC rider, an under-recovery balance for the period from August 1, 2003 through May 31, 2008 of \$26.044⁵ million over the next twelve (12) months. The Company has forecast for the period of June 1, 2008 through May 31, 2009 \$26.642⁶ million of SBC-related costs, consisting of approved levels of CEP funding and projected uncollectible costs to be recovered over the next twelve (12) months. The proposed interim rate to be included in the SBC rider will therefore reflect a total recovery of \$52.685 million over the next twelve (12) months.⁷ Deferral summaries are attached to each rate design. The net effect of the NGC credit in Paragraph 4 of the Stipulation and the SBC recovery in Paragraph 5 of the Stipulation is an estimated decrease from present rate levels of \$117.3 million (including Sales and Use Tax) for the period of June 1, 2008 through May 31, 2009.
6. In finalizing the terms of this Stipulation, the Signatory Parties have agreed to certain adjustments and compromises, all of which are reflected in the Settlement Schedules attached to the Stipulation. Without limiting the foregoing, the Signatory Parties specifically reference the following:
 - A. In accordance with the agreement of the Signatory Parties, ACE has deferred \$3.974 million of incremental expenses associated with the Company's efforts to renegotiate and restructure its NUG contracts. This amount includes \$250,000.00 in incremental expenses incurred in connection with an earlier NUG negotiation⁸. The Signatory Parties agree that ACE can file for recovery of these NUG restructuring costs and/or future NUG restructuring costs only as part of a future filing seeking Board approval of a restructuring of the Carneys Point NUG contract or the Logan NUG contract or any other NUG contract to which the Company is currently a party. In the event that ACE is able to restructure the Carneys Point NUG contract, the Logan NUG contract or any other NUG contract to which the Company is currently a party, then ACE can file for recovery of the restructuring costs itemized above and/or future NUG restructuring costs only as part of the filing seeking Board approval of such restructuring. In the event that ACE is not able to restructure the Carneys Point NUG contract or the Logan NUG contract or any other NUG contract to which it is currently a party, then, in that event, the Company may file for recovery of the restructuring costs itemized above and/or any future NUG restructuring costs in a separate, stand-alone filing made to the Board or in the context of a base rate proceeding. The Company shall not file for recovery of the restructuring costs itemized above and/or any future NUG restructuring costs as part of a future SBC/NGC filing.

⁵The \$26.044 million under-recovered balance reflects an under-collection of \$27,745,260 in the CEP and \$175,283 in the Uncollectible Charge as well as an over-collection of \$1,877,020 in the Consumer Education Charge for the period of August 2003 through May 2008.

⁶The \$26.642 million forecasted costs reflect projected expenditures of \$21,089,196 in the CEP and \$5,552,620 in the Uncollectible Charge for the period of June 1, 2008 through May 31, 2009.

⁷See Exhibit A of the Stipulation

⁸See Exhibit A of the Stipulation

- B. In accordance with the agreement of the Signatory Parties, ACE has removed the following amounts from the schedules that were originally submitted in support of the Petition: (i) \$163,377 in environmental costs paid to the New Jersey Department of Environmental Protection in association with the divestiture of the B.L. England generating facility (BPU Docket No. EM06090638); (ii) \$18,643 of costs incurred with the Logan arbitration proceeding; and (iii) \$437,587 of incremental expenses related to nuclear restructuring that were inadvertently misclassified and not included in nuclear securitized costs⁹. This action is part of an offer in compromise. The Company agrees that it will not, at any time in the future, seek recovery from its customers of the amounts itemized in this sub-Paragraph 6. B.
- C. In accordance with the agreement of the Signatory Parties, the Company has removed \$500,000 from the deferral balance. This amount represents one-half of the “approximately \$1 million of the \$8.947 million set forth ... for Regulatory Proceedings” in connection with ACE’s Phase II base rate case. See Stipulation of Settlement, 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 II (the “Phase II Base Rate Stipulation”), BPU Docket No. ER03020110, order dated May 26, 2005. The “approximately \$1 million issue” stemming from ACE’s Phase II base rate case is now considered resolved.
7. The Signatory Parties agree that the Company’s next NGC/SBC 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, 2009.

INITIAL DECISION

On May 1, 2008, ALJ Miller issued an Initial Decision approving the Stipulation. ALJ Miller found that the parties voluntarily agreed to the settlement and that the settlement fully disposes of all issues in controversy and is consistent with the law.

DISCUSSION AND FINDINGS

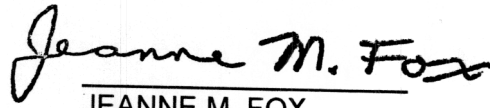
The Board, having reviewed the attached Stipulation entered into by the Signatory Parties and the Initial Decision issued by ALJ Miller, is satisfied that the Settlement is in the public interest. Accordingly, the Board HEREBY APPROVES the attached Stipulation and Initial Decision. As a result of the Stipulation, an average residential customer using 1,000 kWh per month will see a decrease in their average monthly bill from \$150.12 to \$138.35, a decrease of \$11.77 per month or 7.84%.

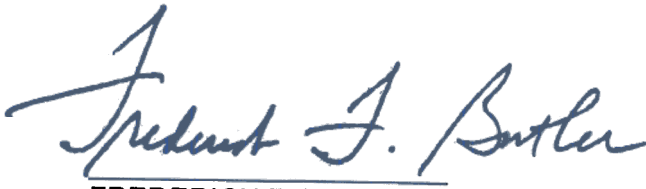
⁹See Exhibit A of the Stipulation

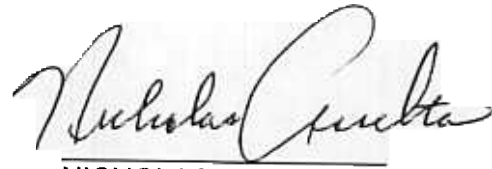
The Board HEREBY ORDERS that the Company file the appropriate revised tariff sheets within ten (10) days of this Order.

DATED: 5/20/08

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT

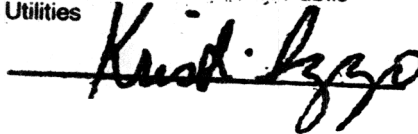

FREDERICK F. BUTLER
COMMISSIONER


NICHOLAS ASSELTA
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



**I/M/O the Petition of Atlantic City
Electric Company to Reconcile and
Update the Level of Its Non-Utility
Generation Charge ("NGC") and Its
Societal Benefits Charge ("SBC")
BPU Docket No. ER07060356**

Honorable Kristi Izzo
Secretary
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Two Gateway Center
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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 10620-07

AGENCY DKT. NO. ER07060356

**IN THE MATTER OF THE PETITION OF
ATLANTIC CITY ELECTRIC COMPANY
TO RECONCILE AND UPDATE THE
LEVEL OF ITS NON-UTILITY GENERATION
CHARGE ("NGC") AND ITS SOCIAL
BENEFITS CHARGE ("SBC").**

Philip J. Passanante, Esq., Assistant General Counsel, for Atlantic City Electric Company

Ami Morita, Deputy Public Advocate, **Diane Schulze**, Assistant Deputy Public Advocate, **Christine Juarez**, Assistant Deputy Public Advocate, and **Maria T. Novas-Ruiz**, Assistant Deputy Public Advocate, on behalf of the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") (Stefanie A. Brand, Director, Division of Rate Counsel)

Alex Moreau, Deputy Attorney General, and **Geoffrey Gersten**, Deputy Attorney General, on behalf of the Staff of the Board of Public Utilities ("Staff") (Ann Milgram, Attorney General of New Jersey)

Record Closed: May 1, 2008

Decided: May 1, 2008

BEFORE W. TODD MILLER, ALJ:

This matter was transmitted to the Office of Administrative Law on December 31, 2007, for determination as a contested case, pursuant to N.J.S.A. 52:14B-1 to -15 and N.J.S.A. 52:14F-1 to -13.

The parties have agreed to a settlement and have prepared a Settlement Agreement indicating the terms thereof, which is attached and fully incorporated herein.

have reviewed the record and the terms of settlement and **FIND:**

1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures.
2. The settlement fully disposes of all issues in controversy and is consistent with the law.

I **CONCLUDE** that this agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. I approve the settlement and therefore **ORDER** that the parties comply with the settlement terms and that these proceedings be concluded.

hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

May 1, 2008
DATE



W. TODD MILLER, ALJ

Date Received at Agency:

Mailed to Parties:

DATE

OFFICE OF ADMINISTRATIVE LAW

)	STATE OF NEW JERSEY
)	BOARD OF PUBLIC UTILITIES
)	
IN THE MATTER OF THE PETITION OF)	STIPULATION OF SETTLEMENT
ATLANTIC CITY ELECTRIC COMPANY)	
TO RECONCILE AND UPDATE THE)	
LEVEL OF ITS NON-UTILITY)	BPU DOCKET NO.
GENERATION CHARGE (“NGC”) AND ITS)	ER07060356
SOCIETAL BENEFITS CHARGE (“SBC”))	
)	OAL DOCKET NO.
)	PUC10620-07

APPEARANCES:

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

Ami Morita, Deputy Public Advocate, Diane Schulze, Assistant Deputy Public Advocate, Christine Juarez, Assistant Deputy Public Advocate, and Maria T. Novas-Ruiz, Assistant Deputy Public Advocate, on behalf of the Department of the Public Advocate, Division of Rate Counsel (“Rate Counsel”) (Stefanie A. Brand, Director, Division of Rate Counsel)

Alex Moreau, Deputy Attorney General, and Geoffrey Gersten, Deputy Attorney General, on behalf of the Staff of the Board of Public Utilities (“Staff”) (Anne Milgram, Attorney General of New Jersey)

PROCEDURAL HISTORY

On or about June 1, 2007, Atlantic City Electric Company (“ACE” or the “Company”) filed a Petition (the “Petition”) with the New Jersey Board of Public Utilities (“Board” or “BPU”) seeking the Board’s approval to reconcile and update ACE’s Non-Utility Generation Charge (“NGC”) and its Societal Benefits Charge (“SBC”). The matter was docketed as BPU Docket No. ER07060356.

ACE’s NGC provides for recovery of the above-market portion of payments made under the Company’s Non-Utility Generation (“NUG”) contracts and certain costs associated with such commitments. 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 Company’s Petition proposed to reset the NGC for the period October 1, 2007 through September 30, 2008. At that time, the proposed rate would have been based on actual data for the period August 1, 2003 through March 31, 2007 and estimated data for the period of April 2007 through September 2007. The Petition also proposed to adjust specific components of the SBC, including the “Consumer Education Program,” “Uncollectible Charge” and CEP for the period October 1, 2007 through September 30, 2008.

In December 2007, the Board transmitted the Petition to the Office of Administrative Law (“OAL”) as a contested case. The matter was assigned to W. Todd Miller, Administrative Law Judge (“ALJ”) (Atlantic City vicinage) and was docketed by the OAL as PUC10620-07. ALJ Miller conducted a Telephone Prehearing Conference on February 14, 2008. Representatives from the Company, the Division of Rate Counsel and Board Staff were present. (The parties will be referred to collectively in this Stipulation as the “Signatory Parties.”)

The Signatory Parties have conducted discovery and have participated in a number of meetings and discussions to review outstanding issues and explore settlement. As a result of those meetings and related discussions, the Signatory Parties STIPULATE AND AGREE as follows:

1. The Signatory Parties stipulate and agree that the Company’s updated filing in this proceeding indicates a projected over-recovered NGC balance (updated for actuals through March 31, 2008 and estimated for the months of April 2008 and May 2008) of \$254.220 million.

2. The Signatory Parties stipulate and agree that the Company's updated filing in this proceeding indicates a projected under-recovered SBC balance (updated for actuals through March 31, 2008 and estimated for the months of April 2008 and May 2008) of \$26.044 million.

3. The Signatory Parties agree that it is in the best interest of ACE's customers to return the net over-recovery of \$117.3 million to ratepayers as soon as possible. The Signatory Parties therefore stipulate and agree that the NGC over-recovery reflected in the Settlement Schedules attached to this Stipulation as **Exhibit A** shall be returned to ratepayers commencing on or by June 1, 2008 and shall be amortized and paid over a 48 month period.

4. The Signatory Parties stipulate and agree to amortize via a negative NGC rider, the NGC over-recovery balance of \$254.220 million over the next four (4) years, or by approximately \$66.216 million annually. Inasmuch as ACE is forecasting for the period June 1, 2008 through May 31, 2009 \$28.515 million of above-market NUG costs to be recovered over the next twelve (12) months, the rate will reflect a \$37.701 million annual credit to the Company's NGC charge. See Settlement Schedule 6, page 1 of **Exhibit A** for the proposed Tariff page incorporating the new rate. The rate design for the revised NGC is outlined in Settlement Schedule 2 of **Exhibit A**, pages 1 and 2. A deferral summary has also been provided.

5. The Signatory Parties further stipulate and agree that the Company recover through the SBC rider, an under-recovery balance for the period from August 1, 2003 through May 31, 2008 of \$26.044¹ million over the next twelve (12) months. The Company has forecast for the period of June 1, 2008 through May 31, 2009 \$26.642² million of SBC-related costs,

¹ The \$26.044 million under-recovered balance reflects an under-collection of \$27,745,260 in the CEP and \$175,283 in the Uncollectible Charge, as well as an over-collection of \$1,877,020 in the Consumer Education Charge for the period of August 2003 through May 2008.

² The \$26.642 million forecasted costs reflect projected expenditures of \$21,089,196 in the CEP and \$5,552,620 in the Uncollectible Charge for the period of June 1, 2008 through May 31, 2009.

consisting of approved levels of CEP funding and projected uncollectible costs to be recovered over the next twelve (12) months. The proposed interim rate to be included in the SBC rider will therefore reflect a total recovery of \$52.685 million over the next twelve (12) months. *See* Settlement Schedule 6, page 2 of **Exhibit A** for the proposed Tariff page incorporating the new rate. The rate design for the revised SBC is outlined in Settlement Schedule 3, page 1 (regarding CEP funding), Settlement Schedule 4, page 1 (regarding the Uncollectible Charge) and Settlement Schedule 5, page (regarding the Consumer Education Program). Deferral summaries are attached to each rate design. The net effect of the credit proposed in Paragraph 4 and the SBC recovery proposed in this Paragraph 5 is an estimated decrease from present rate levels of \$117.3 million (including Sales and Use Tax) for the period of June 1, 2008 through May 31, 2009. The derivation of this rate decrease is provided in Settlement Schedule 1.

6. In finalizing the terms of this Stipulation, the Signatory Parties have agreed to certain adjustments and compromises, all of which are reflected in the Settlement Schedules attached hereto. Without limiting the foregoing, the Signatory Parties specifically reference the following:

A. In accordance with the agreement of the Signatory Parties, ACE has deferred \$3.974 million of incremental expenses associated with the Company's efforts to renegotiate and restructure its NUG contracts. This amount includes \$250,000.00 in incremental expenses incurred in connection with an earlier NUG negotiation. *See* Settlement Schedule 2 of **Exhibit A**. The Signatory Parties agree that ACE can file for recovery of these NUG restructuring costs and/or future NUG restructuring costs only as part of a future filing seeking Board approval of a restructuring of the Carneys Point NUG contract or the Logan NUG contract or any other NUG contract to which the

Company is currently a party. In the event that ACE is able to restructure the Carneys Point NUG contract, the Logan NUG contract or any other NUG contract to which the Company is currently a party, then ACE can file for recovery of the restructuring costs itemized above and/or future NUG restructuring costs only as part of the filing seeking Board approval of such restructuring. In the event that ACE is not able to restructure the Carneys Point NUG contract or the Logan NUG contract or any other NUG contract to which it is currently a party, then, in that event, the Company may file for recovery of the restructuring costs itemized above and/or any future NUG restructuring costs in a separate, stand-alone filing made to the Board or in the context of a base rate proceeding. The Company shall not file for recovery of the restructuring costs itemized above and/or any future NUG restructuring costs as part of a future SBC/NGC filing. The Signatory Parties understand and agree that no determination is being made in this Stipulation as to whether these NUG restructuring costs or future NUG restructuring costs are ultimately recoverable in rates.

B. In accordance with the agreement of the Signatory Parties, ACE has removed the following amounts from the schedules that were originally submitted in support of the Petition: (i) \$163,377 in environmental costs paid to the New Jersey Department of Environmental Protection in association with the divestiture of the B.L. England generating facility (BPU Docket No. EM06090638); (ii) \$18,643 of costs incurred with the Logan arbitration proceeding; and (iii) \$437,587 of incremental expenses related to nuclear restructuring that were inadvertently misclassified and not included in nuclear securitized costs. *See* Settlement Schedule 2 (pages 3, 4 and 5) of **Exhibit A**. This action is part of an offer in compromise. The Company agrees that it

will not, at any time in the future, seek recovery from its customers of the amounts itemized in this sub-Paragraph 6. B.

C. In accordance with the agreement of the Signatory Parties and as part of an offer in compromise, the Company has removed \$500,000 from the deferral balance. This amount represents one-half of the “approximately \$1 million of the \$8.947 million set forth ... for Regulatory Proceedings” in connection with ACE’s Phase II base rate case. *See Stipulation of Settlement, 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 II* (the “Phase II Base Rate Stipulation”), BPU Docket No. ER03020110, Order dated May 26, 2005. The “approximately \$1 million issue” stemming from ACE’s Phase II base rate case is now considered resolved.

7. The Signatory Parties agree that the Company’s next NGC/SBC 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, 2009.

8. It is a condition of this Stipulation that the Board adopt a final Order approving this Stipulation without change or further conditions. Should the Board fail to adopt a final Order approving this Stipulation, 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, and 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.

9. 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 Administrative Law Judge and the Board approve and adopt this Stipulation in its entirety, and issue an Initial Decision-Settlement and an Order Adopting Initial Decision-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: May 1, 2008

By: 

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An Attorney at Law of the
State of New Jersey

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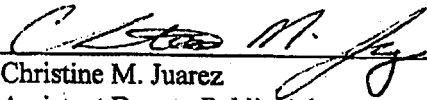
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ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the
New Jersey Board of Public Utilities

By: 

Alex Moreau, Deputy Attorney General
Geoffrey Gersten, Deputy Attorney General

RONALD K. CHEN
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Maria T. Novas-Ruiz
Assistant Deputy Public Advocate

EXHIBIT

A

**SETTLEMENT
SCHEDULE**

1

Rate Class	Customer (kWh)	NGC	Clean Energy	Uncollectible	Education	Consumer	Overall Rate Change
RS	4,403,182,390	\$ 0.011761	\$ 0.001081	\$ 0.000339	\$ 0.000127	\$ (0.011769)	\$ (68,515,334)
MGS Primary	20,440,108	\$ 0.011355	\$ 0.001081	\$ 0.000339	\$ 0.000127	\$ (0.011225)	\$ (23,432,801)
MGS Secondary	1,454,552,758	\$ 0.011756	\$ 0.001081	\$ 0.000339	\$ 0.000127	\$ (0.011766)	\$ (23,432,801)
AGS Primary	500,581,173	\$ 0.011222	\$ 0.001081	\$ 0.000339	\$ 0.000127	\$ (0.011122)	\$ (7,864,480)
AGS Secondary	5,917,742,940	\$ 0.011767	\$ 0.001081	\$ 0.000339	\$ 0.000127	\$ (0.011775)	\$ (30,287,840)
TGS	1,744,807,602	\$ 0.010757	\$ 0.001081	\$ 0.000339	\$ 0.000127	\$ (0.010558)	\$ (25,432,327)
SFUCSL	83,890,972	\$ 0.011742	\$ 0.001081	\$ 0.000339	\$ 0.000127	\$ (0.011750)	\$ (1,324,248)
DCC	13,121,874	\$ 0.011716	\$ 0.001081	\$ 0.000339	\$ 0.000127	\$ (0.011724)	\$ (206,571)
Total	10,174,419,796						\$ (158,175,267)
							\$ 41,521,803
							\$ 2,655,523
							\$ 3,425
							\$ 21,918
							\$ 342,725
							\$ 7,120,556
							\$ 2,087,356
							\$ 132,218
							\$ 455,395
							\$ 27,210
							\$ (986,814)
							\$ (665,318)
							\$ (16,421,882)
							\$ (5,828,037)
							\$ (164,132)
							\$ (22,522,350)
							\$ (821,348)
							\$ 5,335
							\$ 83,416
							\$ 7,826,308
							\$ 500,531
							\$ 367,468
							\$ 1,148,233
							\$ 17,868,428
							\$ 6,058,490
							\$ 83,416
							\$ (311,565)
							\$ (30,287,840)
							\$ (7,864,480)
							\$ (25,432,327)
							\$ (1,324,248)
							\$ (206,571)
							\$ (158,175,267)
							\$ (3,298,512)
							\$ (117,294,452)

Proposed Rates

Present Rates

**SETTLEMENT
SCHEDULE**

2

Atlantic City Electric Company
Net Non-Utility Generation Charge Rate Design
June 2008 - May 2009

Line	Forecasted NUG Costs												
1	Table 1												
2	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	
3	NGC Costs	\$ 22,893,911	\$ 24,219,855	\$ 24,324,001	\$ 23,058,835	\$ 22,788,605	\$ 23,282,281	\$ 23,138,672	\$ 24,650,524	\$ 23,574,765	\$ 20,905,649	\$ 18,011,569	\$ 23,180,782
4	Market-Based Revenue (\$000)	\$ 19,207,055	\$ 28,196,935	\$ 28,425,758	\$ 18,075,274	\$ 16,808,622	\$ 18,211,274	\$ 19,739,005	\$ 28,600,842	\$ 25,413,433	\$ 16,939,428	\$ 8,222,061	\$ 17,682,595
5	Above Market NUG Costs (\$000)	\$ 3,686,857	\$ (3,977,081)	\$ (4,101,757)	\$ 4,983,561	\$ 5,977,983	\$ 5,071,007	\$ 3,399,667	\$ (3,950,318)	\$ (1,838,668)	\$ 3,966,221	\$ 9,789,508	\$ 5,508,187
6	Projected Contract Cost (\$000)		\$ 274,037,248										
7	Forecasted Market-Based Revenue (\$000)		\$ 245,522,280										
8	Forecasted Above Market NUG Costs (\$000)		\$ 28,514,968										
9	Amortization of Prior Period Deferred Balance		\$ (86,215,799)	(Refer to Settlement Schedule 2, Page 1, Line 10)									
10	Total Period NNC Costs		\$ (37,700,831)										

11	Table 2										
NNC Rate with Voltage Level Loss Adjustment											
12	Voltage Level										
13	Secondary (120 - 480 Volts)	Loss Factor									
14	Primary (4,000 & 12,000 Volts)	1.08544									
15	Subtransmission (23,000 & 34,500 Volts)	1.05345									
16	Transmission (69,000 Volts)	1.03381									
		1.02951									
17	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9		
			= Col. 1 x Col. 2	= Col. 3 Lines 19 - 25 / Col. 3 Line 27	= Col. 4 x Line 10	= Col. 5 / Col. 2	= Col. 3 x ((1/(1 - 0.005)) - 1) / BPU	= Col. 6 + Col. 7	= Col. 8 x 1.07		
18	Rate Class	Loss Factor	Sales @ Customer (MWh)	Sales @ Bulk System - Including Losses (MWh)	Allocation Factor	Requirements	Allocated Revenue	Assessment (\$/MWh)	Final NNC Rate (\$/MWh)	Final NNC Rate w/ (\$/MWh)	
19	IGS	1.08544	4,403,192,383	4,779,491,137	3.4373	18,486,875	\$	0.003744	\$ (0.000019)	\$ 3.003763	\$ (0.004028)
20	MGS Secondary	1.08544	1,484,552,759	1,611,392,947	0.1474	(6,558,644)	\$	(0.003634)	\$ (0.000018)	\$ 2.003783	\$ (0.003968)
21	MGS Primary	1.05345	20,440,106	21,532,630	0.0020	(74,277)	\$	(0.003744)	\$ (0.000018)	\$ 2.003652	\$ (0.003968)
22	AGS Secondary	1.08544	1,917,742,640	2,081,584,571	0.1905	(7,190,517)	\$	(0.003744)	\$ (0.000019)	\$ (0.003785)	\$ (0.004028)
23	AGS Primary	1.05345	506,581,173	533,657,836	0.0488	(1,840,868)	\$	(0.003634)	\$ (0.000018)	\$ (0.003652)	\$ (0.003968)
24	TGS	1.02951	1,744,807,162	1,798,296,422	0.1844	(8,198,373)	\$	(0.003551)	\$ (0.000018)	\$ (0.003589)	\$ (0.003819)
25	SPL/CSL	1.08544	83,980,672	91,165,980	0.0083	(314,445)	\$	(0.003744)	\$ (0.000019)	\$ (0.003785)	\$ (0.004028)
26	DDC	1.08544	13,121,874	14,243,007	0.0013	(49,132)	\$	(0.003744)	\$ (0.000019)	\$ (0.003785)	\$ (0.004028)
27	Total		10,174,418,766	10,929,274,830	1.0000	(37,700,831)	\$				

Atlantic City Electric Company
Net Non-Utility Generation Charge Rate Design
Amortization of NCG Balance

Line	Description	258,914.146	(2,054.173)	254,219.972	3.42%	2.02%	46	58,215.799
1	Forecasted Prior Period Deferral Balance	\$ 258,914.146						
2	Less NCG Restructuring Costs	\$ -						
3	Less Net Prior Period Sanction Adjustments	\$ (2,054.173)						
4	Net Balance to be Returned	\$ 254,219.972						
5								
6	Interest Rate (Pre-Tax)				3.42%			
7	Interest Rate (After-Tax)				2.02%			
8	Amortization Period (Months)				46			
9	Monthly Amortization				\$ 5,517.983			
10	Annual Amortization				\$ 68,215.799			
11								
12								
13								
14	Deferral Starting Balance							
15	Jun-08	\$ 254,219.972	\$ 5,517.983	\$ 415.985	\$ 2,083,550	\$ 248,128.451		
16	Jul-08	\$ 249,126.451	\$ 5,517.983	\$ 407,253	\$ 1,102,118	\$ 248,024.333		
17	Aug-08	\$ 244,024.333	\$ 5,517.983	\$ 398,626	\$ 5,119,357	\$ 238,913.003		
18	Sep-08	\$ 238,913.003	\$ 5,517.983	\$ 389,985	\$ 5,127,989	\$ 233,794.249		
19	Oct-08	\$ 233,794.245	\$ 5,517.983	\$ 381,329	\$ 5,136,655	\$ 228,666,247		
20	Nov-08	\$ 228,666,247	\$ 5,517.983	\$ 372,658	\$ 5,145,325	\$ 223,529,592		
21	Dec-08	\$ 223,529,592	\$ 5,517.983	\$ 363,973	\$ 5,154,011	\$ 218,394,207		
22	Jan-09	\$ 218,394,207	\$ 5,517.983	\$ 355,273	\$ 5,162,710	\$ 213,250,259		
23	Feb-09	\$ 213,250,256	\$ 5,517.983	\$ 346,558	\$ 5,171,425	\$ 208,097,549		
24	Mar-09	\$ 208,097,546	\$ 5,517.983	\$ 337,829	\$ 5,180,154	\$ 202,936,121		
25	Apr-09	\$ 202,936,121	\$ 5,517.983	\$ 329,085	\$ 5,188,888	\$ 197,715,900		
26	May-09	\$ 197,715,906	\$ 5,517.983	\$ 320,326	\$ 5,197,657	\$ 192,527,000		
27	Jun-09	\$ 192,527,000	\$ 5,517.983	\$ 311,552	\$ 5,206,431	\$ 187,326,411		
28	Jul-09	\$ 187,326,411	\$ 5,517.983	\$ 302,764	\$ 5,215,219	\$ 182,122,980		
29	Aug-09	\$ 182,122,980	\$ 5,517.983	\$ 293,951	\$ 5,224,022	\$ 176,907,781		
30	Sep-09	\$ 176,907,781	\$ 5,517.983	\$ 285,143	\$ 5,232,840	\$ 171,683,719		
31	Oct-09	\$ 171,683,719	\$ 5,517.983	\$ 276,310	\$ 5,241,673	\$ 166,450,698		
32	Nov-09	\$ 166,450,698	\$ 5,517.983	\$ 267,462	\$ 5,250,521	\$ 161,208,225		
33	Dec-09	\$ 161,208,225	\$ 5,517.983	\$ 258,599	\$ 5,259,384	\$ 155,958,703		
34	Jan-10	\$ 155,958,703	\$ 5,517.983	\$ 249,721	\$ 5,268,262	\$ 150,699,319		
35	Feb-10	\$ 150,699,319	\$ 5,517.983	\$ 240,829	\$ 5,277,155	\$ 145,431,056		
36	Mar-10	\$ 145,431,056	\$ 5,517.983	\$ 231,921	\$ 5,286,062	\$ 140,153,903		
37	Apr-10	\$ 140,153,903	\$ 5,517.983	\$ 222,998	\$ 5,294,985	\$ 134,867,840		
38	May-10	\$ 134,867,840	\$ 5,517.983	\$ 214,059	\$ 5,303,923	\$ 129,573,855		
39	Jun-10	\$ 129,572,865	\$ 5,517.983	\$ 205,107	\$ 5,312,876	\$ 124,268,932		
40	Jul-10	\$ 124,268,932	\$ 5,517.983	\$ 196,139	\$ 5,321,844	\$ 118,955,056		
41	Aug-10	\$ 118,959,066	\$ 5,517.983	\$ 187,158	\$ 5,330,827	\$ 113,624,212		
42	Sep-10	\$ 113,624,212	\$ 5,517.983	\$ 178,158	\$ 5,339,826	\$ 108,283,396		
43	Oct-10	\$ 108,283,396	\$ 5,517.983	\$ 169,144	\$ 5,348,839	\$ 102,933,559		
44	Nov-10	\$ 102,933,559	\$ 5,517.983	\$ 160,115	\$ 5,357,866	\$ 97,514,720		
45	Dec-10	\$ 97,514,720	\$ 5,517.983	\$ 151,071	\$ 5,366,917	\$ 92,095,852		
46	Jan-11	\$ 92,095,852	\$ 5,517.983	\$ 142,012	\$ 5,375,971	\$ 86,689,940		
47	Feb-11	\$ 86,689,940	\$ 5,517.983	\$ 132,937	\$ 5,385,045	\$ 81,313,959		
48	Mar-11	\$ 81,313,959	\$ 5,517.983	\$ 123,847	\$ 5,394,136	\$ 76,128,923		
49	Apr-11	\$ 76,128,923	\$ 5,517.983	\$ 114,742	\$ 5,403,241	\$ 71,074,797		
50	May-11	\$ 71,074,797	\$ 5,517.983	\$ 105,622	\$ 5,412,362	\$ 66,331,546		
51	Jun-11	\$ 66,331,546	\$ 5,517.983	\$ 96,480	\$ 5,421,498	\$ 61,918,185		
52	Jul-11	\$ 61,918,185	\$ 5,517.983	\$ 87,324	\$ 5,430,649	\$ 57,927,697		
53	Aug-11	\$ 57,927,697	\$ 5,517.983	\$ 78,157	\$ 5,439,816	\$ 54,067,038		
54	Sep-11	\$ 54,067,038	\$ 5,517.983	\$ 68,985	\$ 5,448,998	\$ 50,232,222		
55	Oct-11	\$ 48,927,222	\$ 5,517.983	\$ 59,787	\$ 5,458,196	\$ 46,067,038		
56	Nov-11	\$ 38,178,224	\$ 5,517.983	\$ 50,574	\$ 5,467,409	\$ 32,720,028		
57	Dec-11	\$ 27,252,619	\$ 5,517.983	\$ 41,345	\$ 5,476,638	\$ 27,252,619		
58	Jan-12	\$ 21,775,980	\$ 5,517.983	\$ 32,100	\$ 5,485,883	\$ 21,775,980		
59	Feb-12	\$ 16,290,096	\$ 5,517.983	\$ 22,840	\$ 5,495,143	\$ 16,290,096		
60	Mar-12	\$ 10,784,955	\$ 5,517.983	\$ 13,565	\$ 5,504,419	\$ 10,784,955		
61	Apr-12	\$ 5,290,536	\$ 5,517.983	\$ 4,461	\$ 5,290,536	\$ 5,290,536		
62	May-12	\$ -	\$ -	\$ -	\$ -	\$ -		

(Settlement Schedule 2 Page 3 Col. 9 Line 59 + Sum of Settlers
(Settlement Schedule 2, Page 4 Line 16)
(Settlement Schedule 2, Page 5 Line 4)

Atlantic City Electric Company
Non Utility Generation Restructuring Costs
(Costs Incurred Through August 31, 2007)

Line No.	Description	Total Amount
1	<u>Contractor - Consulting</u>	\$ -
2	MCMANUS AND MILES	\$ -
3	KPMG, LLP	\$ -
4	NEW ENERGY ASSOCIATES LLC	\$ -
5	PRICE, WATERHOUSE, COOPERS, LLP	\$ -
6	R. J. RUDDEN ASSOCIATES	\$ -
7	HENWOOD ENERGY SERVICES	\$ -
8	<u>Total Contractor - Consulting</u>	\$ -
9	<u>Internal Contractor - Temporary Staffing & Other</u>	\$ -
10	RESTRUCTURING MANAGER	\$ -
11	<u>Total Internal Contractor - Temporary Staffing Services</u>	\$ -
12	<u>Outside Counsel/Legal</u>	\$ -
13	LEBOEUF LAMB GREENE & MACRAE LLP	\$ -
14	NIXON PEABODY	\$ -
15	<u>Total Outside Counsel/Legal</u>	\$ -
16	<u>Total NUG Restructuring Costs</u>	\$ -

Atlantic City Electric Company
Post Stipulation Transition Period Adjustments
(Costs Incurred Through March 31, 2007)

<u>Line No.</u>	<u>Description</u>	<u>Total Amount</u>
1	Post Settlement Adjustments to Transition Period Balance	\$ 2,694,173
2	Nuclear Restructuring Costs not securitized	\$ -
3	Logan Arbitration costs	\$ -
4	Total	<u>\$ 2,694,173</u>

**SETTLEMENT
SCHEDULE**

3

Atlantic City Electric Company
NJ Clean Energy Program Funding Rate Design
June 2008 - May 2009

Line No. 1
Table 1 Summary of Projected Comprehensive Resource Analysis Program Expenditures June 2008 - May 2009
(Source: NJ BPU Order dated 12/23/04 in Docket No. EX04040276, Appendix A)

Line No.	Month	Projected Expenditure
3	Jun-08	\$ 1,782,454
4	Jul-08	\$ 2,295,433
5	Aug-08	\$ 2,333,925
6	Sep-08	\$ 1,763,210
7	Oct-08	\$ 1,525,610
8	Nov-08	\$ 1,524,504
9	Dec-08	\$ 1,769,806
10	Jan-09	\$ 1,869,132
11	Feb-09	\$ 1,622,740
12	Mar-09	\$ 1,613,894
13	Apr-09	\$ 1,479,957
14	May-09	\$ 1,508,531
15		\$ 21,089,196
16	Total	\$ 21,089,196

17 Table 2 Clean Energy Program Funding Rate Design June 2008 - May 2009

18	Total Period Expenditures	\$ 21,089,196
19	Deferral Balance August 2003 - May 2008	\$ 27,745,260
20	Net Period DSM Costs	\$ 48,834,456
21	Projected Delivered Sales June 2008 - May 2009	\$ 10,174,418,766
22	Clean Energy Program Funding Rate (\$/kWh)	\$ 0.004800
23	BPU Assessment	\$ 0.000024
24	Rate without SUT (\$/kWh)	\$ 0.004824
25	Rate Including SUT (\$/kWh)	\$ 0.005162

**SETTLEMENT
SCHEDULE
4**

Atlantic City Electric Company
Uncollectible Charge Rate Design
June 2008 - May 2009

Line No			
1	Projected Uncollectible Expense (June 2008 - May 2009)	\$	5,552,620
2	Less:		
3	Deferral Balance August 2003 - May 08	\$	175,283
4	Net Period Uncollectible Expenses	<u>\$</u>	<u>5,727,902</u>
5	Projected Delivered Sales (June 08 - May 09)		10,174,418,766
6	Uncollectible Rate (\$/kWh)	\$	0.000563
7	BPU/RPA Revenue Assessment	\$	0.000003
8	Final Uncollectible Rate (\$/kWh)	\$	0.000566
9	Final Uncollectible Rate including SUT (\$/kWh)	\$	0.000600

**SETTLEMENT
SCHEDULE**

5

Atlantic City Electric Company
Consumer Education Program Deferred Balance Credit
June 2008 - May 2009

Line No.		
1	Deferral Balance August 2003 - May 2008	\$ (1,877,020)
2	Projected Delivered Sales (June 2008 - May 2009)	10,174,418,766
3	Consumer Education Program Credit (\$/kWh)	\$ (0.000184)
4	BPU/RPA Revenue Assessment	\$ (0.000001)
5	Final Consumer Education Program Credit (\$/kWh)	\$ (0.000185)
6	Final Credit including SUT (\$/kWh)	\$ (0.000197)

**SETTLEMENT
SCHEDULE
6**

ATLANTIC CITY ELECTRIC COMPANY

BPU NJ No. 11 Electric Service - Section IV

Revised Sheet No. 57 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>Total NGC</u>
RS	\$(0.004026)
MGS Secondary	\$(0.004026)
MGS Primary	\$(0.003908)
AGS Secondary	\$(0.004026)
AGS Primary	\$(0.003908)
TGS	\$(0.003819)
SPL/CSL	\$(0.004026)
DDC	\$(0.004026)

Date of Issue:

Effective Date: June 1, 2008

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
- Consumer Education Program

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

Clean Energy Program	\$0.005162 per kWh
Uncollectible Accounts	\$0.000600 per kWh
Universal Service Fund	\$0.001300 per kWh
Lifeline	\$0.000674 per kWh
Consumer Education Program	\$(0.000197) per kWh

Date of Issue:

Effective Date: June 1, 2008