



Agenda Date: 08/18/10

Agenda Item: 2B

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 ATLANTIC	) DECISION AND ORDER
CITY ELECTRIC COMPANY ("ACE") FOR APPROVAL	) APPROVING THE PASS-
TO IMPLEMENT FERC-APPROVED CHANGES TO	) THROUGH OF FERC
ACE'S RETAIL TRANSMISSION (FORMULA) RATE	) FIRM TRANSMISSION
PURSUANT TO PARAGRAPHS 15.9 OF THE BGS-FP	) SERVICE RELATED
AND BGS-CIEP SUPPLIER MASTER AGREEMENTS	) CHARGES
AND TARIFF FILING REFLECTING CHANGES TO	)
SCHEDULE 12 CHARGES IN PJM OPEN ACCESS	)
TRANSMISSION TARIFF	) BPU DOCKET NO. ER10070455

(SERVICE LIST ATTACHED)

APPEARANCES:

Philip J. Passanante, Esq. on behalf of Atlantic City Electric Company

Ami Morita, Esq. and **Diane Schulze, Esq.** on behalf of the Division of Rate Counsel
(**Stefanie A. Brand, Esq.** Director)

Alex Moreau, Deputy Attorney General, on behalf of the Staff of the New Jersey Board of Public Utilities (**Paula T. Dow**, Attorney General of New Jersey).

BY THE BOARD:

On July 6, 2010, Atlantic City Electric Company ("ACE" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") requesting recovery of Federal Energy Regulatory Commission ("FERC") approved changes in firm transmission service related charges.

The Company's proposed tariffs reflect changes to the Basic Generation Service - Fixed Price ("BGS-FP") and BGS-Commercial and Industrial Pricing ("BGS-CIEP") rates to customers resulting from changes in the PJM Open Access Transmission Tariff ("OATT") made in response to an updated formula rate filing made by PPL Electric Utilities Corporation in FERC Docket No. ER09-1148; a revised formula rate filing made by American Electric Power Service Corporation ("AEP") in FERC Docket No. ER08-1329; a revised formula rate filing made by Trans-Allegheny Interstate Line Company ("TrAILCo") in FERC Docket No. ER07-562; revised formula rate filing made by Delmarva Power and Light Company ("Delmarva") in FERC Docket No. ER09-1158; a revised formula rate filing made by Potomac Electric Power Company ("PEPCo") in FERC Docket No. ER09-1159; and ACE's revised formula rate filing in FERC Docket No. ER09-1156. The modified rate filing made by PEPCo Holdings Inc.'s ("PHI") three public utility affiliates (Delmarva, PEPCo, and ACE) were made with respect to the Mid Atlantic

Power Pathway ("MAPP") project. The net effect of all changes is an increase in firm transmission service related charges. The Company requested that the changes become effective on July 1, 2010.

ACE also requested that the BGS suppliers be compensated for the changes resulting from the implementation of these updates to formula rates, subject to the terms and conditions of the applicable Supplier Master Agreement(s) ("SMAs"). 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(a) (i) and (ii) 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 an increase or decrease in retail rates commensurate with the FERC-implemented rate changes.

The specific Schedule 12 charges, referred to as Transmission Enhancement Charges ("TECs"), were implemented to compensate transmission owners for the annual transmission revenue requirements for "Required Transmission Enhancements" (as defined in the PJM OATT) that are requested by PJM for reliability or economic purposes. The costs of TECs are recovered by PJM according to an assigned cost responsibility through an additional transmission charge assessed in the affected transmission zones.

On July 2, 2007, TrAILCo made its compliance filing with FERC, which was the final act necessary for PJM to begin billing wholesale customers for these TECs effective June 1, 2007. On August 7, 2007, the ACE, along with Jersey Central Power and Light Company ("JCP&L"), Public Service Electric and Gas Company ("PSE&G") and Rockland Electric Company ("RECO") (collectively "EDCs") filed a joint petition, requesting recovery of the allocated TrAILCo firm transmission service related charges. By Board Order dated January 18, 2008, the EDCs received approval from the Board to begin allocating TECs related to the TrAILCo project.¹

On September 30, 2008, FERC approved the AEP formula rate filing and accepted the tariffs for filing. On October 28, 2008, FERC approved the PPL formula rate filing and accepted the tariffs for filing. By FERC Order issued on October 31, 2008, the formula rates were approved and the respective tariffs were accepted for filing. Subsequently, on June 15, 2009, ACE filed a petition with the Board requesting recovery of the allocated PPL, AEP and MAPP project costs. By Order dated September 16, 2009, ACE received approval from the Board to begin allocating TECs related to these projects.²

Based on the allocation of the TEC charges and the update of the Company's formula transmission rates among the service classes in accordance with ACE's tariff, a typical residential customer using 750 kWh per month will see an increase in their annual bills of approximately \$2.23.

¹In the Matter of the Provision of Basic Generation Service for Year Two of the Post-Transition Period and In the Matter of the Provision of Basic Generation Service for Year Three of the Post Transition Period and In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2006 and In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2007, BPU Docket Nos. E003050394, EO04040288, EO05040317, and EO06020119, Order dated January 18, 2008.

² In the Matter of the Petition of Atlantic City Electric Company (ACE) for Approval to Implement FERC-Approved Changes to ACE's Retail Transmission (Formula) Rate Pursuant to Paragraph 15.9 of the BGS-FP and BGS-CIEP Supplier Master Agreements and Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff, BPU Docket No. ER09060464, Order dated September 16, 2009.

DISCUSSION AND FINDINGS

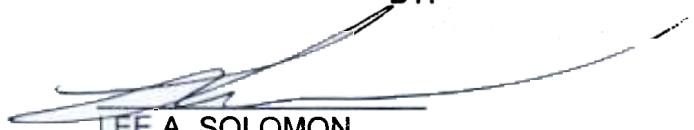
In the Board's Order dated December 2, 2003, in Docket No. EO03050394, the Board found that the pass through of any changes in the network integration transmission charge, and other charges associated with the FERC-approved OATT, is appropriate. Furthermore, by subsequent Orders, the Board approved Section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

After review of the verifications and supporting documentation, the Board **HEREBY FINDS** that the July 6 filing satisfies ACE's obligations under paragraph 15.9 (a)(i) and (ii) of the relevant SMA, and **HEREBY APPROVES** the increase to the Company's retail transmission rates and BGS-FP and BGS-CIEP rates requested by ACE for its changes in transmission charges resulting from the FERC-approved changes effective for service on or after September 1, 2010. ACE is **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate increase subject to the terms and conditions of the SMAs.

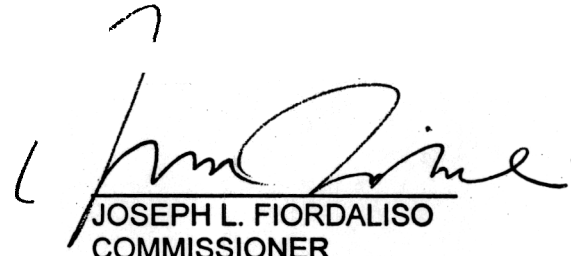
Further, the Board **HEREBY DIRECTS** ACE to file tariffs and rates consistent with the Board's findings within five (5) business days of the date of this Board Order.

DATED: 8/18/10

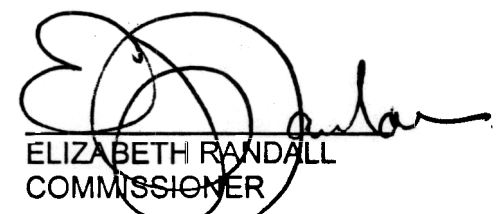
BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
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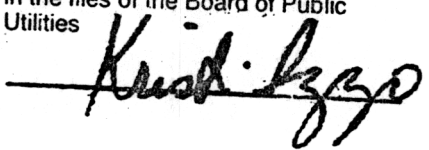

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
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 for Approval to Implement FERC-Approved
Changes to ACE's Retail Transmission (Formula) Rate Pursuant to Paragraph 15.9 of the BGS-
FP and BGS-CIEP Supplier Master Agreements AND Tariff Filing Reflecting Changes to
Schedule 12 Charges in PJM Open Access Transmission Tariff
BPU DOCKET NO. ER10070455 - Service List

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I/M/O the Petition of Atlantic City Electric Company for Approval to Implement FERC-Approved Changes to ACE's Retail Transmission (Formula) Rate Pursuant to Paragraph 15.9 of the BGS-FP and BGS-CIEP Supplier Master Agreements AN
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