



Agenda Date: 12/14/11
Agenda Item: 2H

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE ELECTRIC AND GAS COMPANY AND)
ATLANTIC CITY ELECTRIC COMPANY'S REQUEST)
FOR DEFERRAL ACCOUNTING AUTHORITY FOR)
STORM DAMAGE RESTORATION COSTS)
DECISION AND ORDER
LETTER MOTION FOR
BIFURCATION AND
CONSOLIDATION
DOCKET NOS.
EO11090518, GO11090519

AND

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)
DOCKET NO. ER11080469

Matthew M. Weissman, Esq. for Public Service Electric and Gas Company
Philip J. Passanante, Esq. for Atlantic City Electric Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By petition dated August 5, 2011, Atlantic Electric Company ("ACE") filed with the New Jersey Board of Public Utilities ("Board") for an increase in base rate charges and other tariff modifications in Docket No. ER11080469. The test year for this proceeding is calendar year 2011.

On August 26, 2011, ACE and Public Service Electric and Gas ("PSE&G") filed a joint petition with the Board seeking authorization to defer actually incurred, uninsured incremental storm restoration costs related to the then-impending Hurricane Irene.

Subsequent to discussions with representatives of Board's Energy Division Staff ("Staff"), the Division of Rate Counsel ("Rate Counsel") and ACE, it was agreed that the issue of deferral of ACE's storm-related costs, as well as the recovery of those costs from ratepayers, were

matters that should properly be considered in ACE's base rate case proceeding (ER11080469), as the Hurricane Irene recovery costs incurred by ACE fell within the test year for that rate case.

On December 1, 2011, ACE submitted a letter motion requesting that the Board issue an Order:

- a.) bifurcating ACE's involvement in the August 26, 2011 Joint Petition with PSE&G, inclusive of all discovery propounded to-date and all responses thereto, and
- b.) transmitting the ACE portion of the bifurcated Joint Petition, along with all ACE-related discovery and responses, to the Office of Administrative Law with instructions to consolidate the matter with ACE's base rate case petition (ER11080469) pending before Administrative Law Judge ("ALJ") Irene Jones. Letter Motion at 2.

On December 5 and 6, 2011, PSE&G and Rate Counsel issued statements not opposing the relief requested in ACE's December 1, 2011 letter motion.

DISCUSSION AND FINDING

The Board HEREBY FINDS that bifurcation of ACE's interests from the August 26, 2011 joint petition with PSE&G is appropriate, since the issue of deferral of extraordinary storm-related costs, as well as the recovery of those costs from ratepayers, are matters that should properly be considered in ACE's base rate case proceeding, (Dkt. No. ER11080469). Accordingly, the Board HEREBY DIRECTS that the August 26, 2011 petition and all ACE-related discovery be transmitted to the Office of Administrative Law with a request pursuant to N.J.A.C. 17:27.1 that this matter be consolidated with ACE's pending base rate case (Dkt. No. ER11080469) proceeding before ALJ Irene Jones due to the identity of the parties and the advisability of

resolving the issues raised by the August 26 petition within the context of the review of ACE's base rates.

DATED: 12/15/11

BOARD OF PUBLIC UTILITIES
BY:



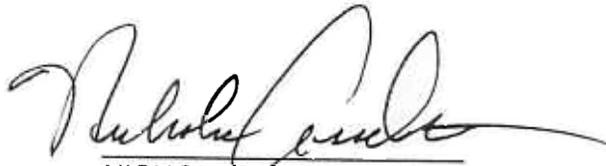
LEE A. SOLOMON
PRESIDENT



JEANNE M. FOX
COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER



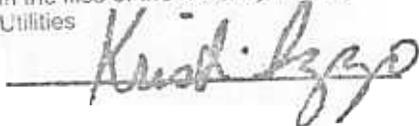
NICHOLAS ASSELTA
COMMISSIONER

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



ACE Letter Motion Requesting Bifurcation of Storm Deferral Petition
Dkt. Nos. EO11090518 and GO11090519 and Consolidation with ACE
Base Rate Case Dkt. No. ER11080469

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A PSE Company

December 1, 2011

**VIA FEDERAL EXPRESS and
ELECTRONIC MAIL**
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RE: In the Matter of the Petition of Public Service Electric and Gas Company and Atlantic City Electric Company's Request for Deferral Accounting Authority for Storm Damage Resotration Costs
BPU Docket Nos. EO11090518 and GO11090519

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
BPU Docket No. ER11080469
OAL Docket No. PUC 09929-2011

Letter Motion for Bifurcation and Consolidation

Dear Secretary Izzo:

This Letter Motion is submitted on behalf of Atlantic City Electric Company (hereinafter "Petitioner," "Company" or "ACE") to the New Jersey Board of Public Utilities (the "Board" or "BPU").

Petitioner respectfully requests that the Board accept this Letter Motion in lieu of a more formally styled pleading. Specifically, the Company is requesting that its interest and involvement in the Petition filed jointly by itself and Public Service Electric and Gas Company ("PSE&G") (the "Deferral Petition") on or about August 26, 2011 (bearing BPU Docket Nos. EO11090518 and GO11090519), wherein ACE and PSE&G sought Board authorization to establish a deferred regulatory account for certain storm-related costs arising out of Hurricane Irene, be bifurcated from the Deferral Petition.

Further, the Company hereby requests that the bifurcated ACE portion of the Deferral Petition, along with all discovery questions and responses thereto as they relate to ACE, be transferred to Administrative Law Judge Irene Jones with instructions to consolidate the ACE portion of the Deferral Petition and related discovery with the Company's base rate filing currently pending before Judge Jones.

In support of this Letter Motion, Petitioner states as follows

On or about August 26, 2011, the Company, along with PSE&G, filed the Deferral Petition seeking Board authorization to defer certain operating costs it was about to incur (and, in fact, did incur) as a result of Hurricane Irene. ACE (and PSE&G) sought to have cost deferral authorization similar to that granted by the Board to Jersey Central Power & Light Company ("JCP&L") and Rockland Electric Company ("RECO") with respect to costs arising out of an extraordinary event, such as a major hurricane.¹

By Petition dated August 5, 2011, the Company filed with the Board for an increase in base rate charges and other tariff modifications (the "Base Rate Petition"), which was assigned BPU Docket No. ER11080469. The Base Rate Petition was subsequently transmitted by the Board to the Office of Administrative Law (the "OAL"), which designated it OAL Docket No. PUC 09929-2011 and assigned it to the Honorable Irene Jones for further proceedings. The test period for this base rate proceeding is calendar year 2011. Therefore, all of the costs incurred as a result of Hurricane Irene were incurred during this base rate case's test year, and therefore the recovery by ACE of those costs is already included as part of the issues to be resolved in that case.

Recently, the Company met with representatives of the Board's Energy Division Staff ("Staff") and representatives of the Division of Rate Counsel ("Rate Counsel") with respect to certain matters that the Company has pending before the Board. At that meeting, the status of the Company's Deferral Petition was discussed. Rate Counsel expressed the view that the issue of deferral of extraordinary storm-related costs, as well as the recovery of those costs from ratepayers, was a matter that properly belonged in a utility's rate case proceeding. In light of the fact that the extraordinary costs incurred by the Company fall within the test period of the Base Rate Petition, the Company and Staff agreed with Rate Counsel. It was further agreed that ACE would file this Letter Motion with the Board seeking the relief previously identified.

¹ See attachments to the Deferral Petition for supporting language in BPU Orders arising out of JCP&L and RECO cases.

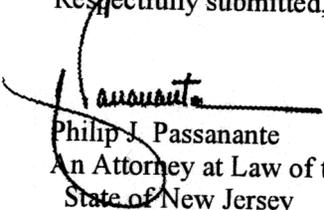
Kristi Izzo
December 1, 2011
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Finally, the Company is aware that, in discovery directed to PSE&G as part of the Deferral Petition, Staff inquired why ACE and PSE&G decided to file a "joint petition" seeking the deferral authorization.² As part of its response to that request, PSE&G stated that "PSE&G would be amenable to bifurcating the petition if the BPU so desires." Accordingly, it does not appear that PSE&G would oppose ACE's request in this Letter Motion.

For the reasons set forth above, and in the interest of administrative efficiency, Petitioner respectfully requests that the Board issue an Order (a) bifurcating ACE's interest and involvement in the Deferral Petition, inclusive of all discovery propounded to date and responses submitted thereto, from the remainder of the Deferral Petition and (b) transmitting the ACE portion of the bifurcated Deferral Petition, along with all ACE-related discovery and responses, to the OAL with instructions to consolidate the matter with the Company's Base Rate Petition pending before Administrative Law Judge Irene Jones.

Thank you for your anticipated cooperation and courtesies. Feel free to contact the undersigned with any questions.

Respectfully submitted,

 /jpr
Philip J. Passanante
An Attorney at Law of the
State of New Jersey

cc Honorable Irene Jones
Matthew M. Weissman, Esquire, Associate General Regulatory Counsel, PSE&G
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² See discovery request S-PS-21

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
BPU Docket No: ER11080469
OAL Docket No. PUC 09929-2011

In the Matter of the Petition of Public Service Electric and Gas Company and Atlantic City Electric Company's Request for Deferral Accounting Authority for Storm Damage Resotration Costs
BPU Docket Nos. EO11090518 and GO11090519

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Updated October 23, 2011

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