



Agenda Date: 6/17/15  
Agenda Item: 7A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

CUSTOMER ASSISTANCE

IN THE MATTER OF THE EMERGENT PETITION OF ) ORDER  
ATLANTIC CITY ELECTRIC COMPANY FOR )  
APPROVAL TO DEVIATE FROM THE PROVISIONS )  
OF N.J.A.C. 14:3-3.5 PERTAINING TO THE TIMING OF )  
THE PAYMENT OF INTEREST ON CUSTOMER )  
DEPOSIT ACCOUNTS ) DOCKET NO. EO14101162

**Parties of Record:**

**Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel**  
**Pamela J. Scott, Esq., Atlantic City Electric Company**

**BY THE BOARD:**

Atlantic City Electric (“ACE” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) on October 15, 2014, seeking an Order to grant the Company approval to deviate from the provisions of N.J.A.C. 14:3-3.5 pertaining to the timing of the payment of interest on customer deposit accounts.

Pursuant to N.J.S.A. 48:2-29.5, the Board may adopt rules and regulations prescribing the terms and conditions under which the public utilities may require the deposit of moneys by customers to secure payment of such sums as may become due for service to be rendered, and the conditions under which repayment of moneys for such repayment shall be made. The Board may also adopt rules and regulations prescribing the rate of interest that shall be credited or paid on moneys so deposited. Pursuant to that authority, the Board adopted N.J.A.C. 14:3-3.4 governing deposits for service, and N.J.A.C. 14:3-3.5 governing return of deposits and interest on those deposits.

Specifically, with regard to interest, N.J.A.C. 14:3-3.5(d) provides that a utility will pay a customer simple interest on any deposits for service based on the rate equal to average yields on certain Treasury Bills with the Board annually establishing the interest rate for each year under subsection (e). Subsection (g) requires that “[i]nterest payments on customer deposits held to secure residential accounts shall be made to the customer at least once during each 12 -

month period in which a deposit is held.” Further, subsection (h) provides that any interest be paid within one billing period after the interest payment is due.

According to the petition, ACE’s tariff mirrors the language of N.J.A.C. 13:3-3.5(g), ACE’s practice has been to pay interest on deposits on the annual anniversary of the payment of the full deposit amount by the residential customer. ACE represents that it is in the process of implementing its new billing system, Solution One, and anticipates that there will be a period of time when it will be extremely difficult to perform the necessary calculations and other processes required to pay interest earned on deposits during calendar year (“CY”) 2015. Therefore, for interest earned on customer deposits in CY 2014, ACE proposed to calculate interest as of November 2014 and pay interest due to all customers in December 2014. For CY 2015, the Company requested approval to pay interest earned in CY 2015, in January 2016, which would result in the payment of interest over a 13 month, rather than a 12 month, period. Thereafter, beginning in CY 2017, ACE would pay interest earned during the year in the following January. ACE asserts that doing so would comply with the provisions of its tariff and of N.J.A.C. 14:3-3.5.

ACE maintains that the relief requested is permissible under N.J.A.C. 14:1-1.2 which provides that the Board’s rules should be liberally construed to permit the Board to effectively carry out its statutory functions and to secure the just and expeditious determination of issues properly presented to it. In special cases, and for good cause shown, the Board may relax or permit deviations from these rules. The Board may waive section(s) of its rules if full compliance with the rule(s) would adversely affect the ratepayers of a utility or other regulated entity, the ability of said utility or other regulated entity to continue to render safe, adequate, and proper service, or the interests of the general public. ACE argues that allowing it to modify the time frame for payment of interest on deposits in CY 2015 under the circumstances described is reasonable and appropriate, and complies with the intent of the rules.

No opposition to this request was received by the Board.

After review of the matter and after due consideration of ACE’s proposal, the Board **FINDS** that waiver of N.J.A.C. 14:3-3.5(g) requiring payment of interest at least once during each 12-month period is reasonable for CY 2015 based on the impending changes in the Company’s billing system. Accordingly, the Board **HEREBY AUTHORIZES** ACE to pay interest earned on deposits in CY 2015, in January of 2016, and to pay interest earned in CY 2016 and thereafter, in the following January.

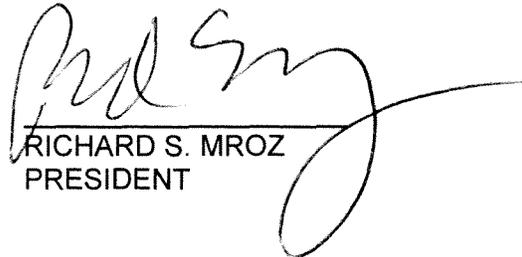
The effective date of this Order is June 26, 2015.

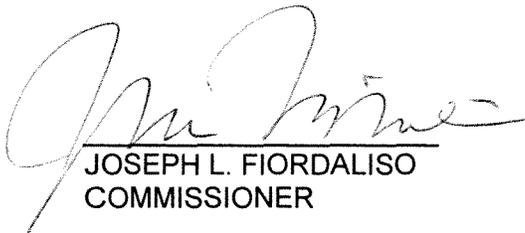
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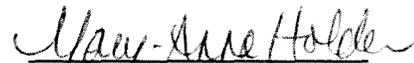
*June 18, 2015*

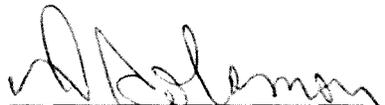
BOARD OF PUBLIC UTILITIES

BY:

  
RICHARD S. MROZ  
PRESIDENT

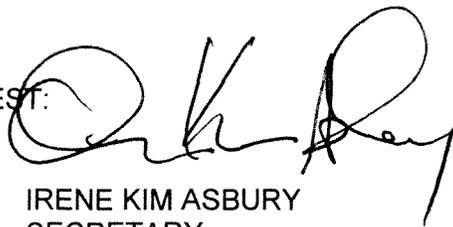
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
MARY-ANNA HOLDEN  
COMMISSIONER

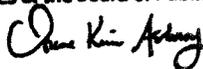
  
DIANNE SOLOMON  
COMMISSIONER

  
UPENDRA J. CHIVUKULA  
COMMISSIONER

ATTEST:

  
IRENE KIM ASBURY  
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 EMERGENT PETITION OF ATLANTIC CITY ELECTRIC COMPANY  
FOR APPROVAL TO DEVIATE FROM THE PROVISIONS OF N.J.A.C. 14:3-3.5 PERTAINING  
TO THE TIMING OF THE PAYMENT OF INTEREST ON CUSTOMER DEPOSIT ACCOUNTS

DOCKET NO. EO14101162

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RECEIVED

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NJ BPU  
MAILROOM

October 14, 2014

**VIA ELECTRONIC MAIL AND  
FEDERAL EXPRESS**

Kristi Izzo  
Secretary of the Board  
State of New Jersey  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, New Jersey 08625-0350

CHIEF OF STAFF  
OCT 15 PM 1 01

ED14101162

Re: In the Matter of the Emergent Petition of Atlantic City Electric Company for Approval to Deviate for a Limited Period of Time from the Provisions of N.J.A.C. 14:3-3.5 Pertaining to the Timing of the Payment of Interest on Customer Deposit Accounts

Dear Secretary Izzo:

Enclosed please find an original and eleven (11) copies of the Emergent Petition being filed on behalf of Atlantic City Electric Company (the "Company") seeking approval to deviate, for a limited period of time, from the provisions of N.J.A.C. 14:3-3.5 pertaining to the timing of the payment of interest on customer deposit accounts. Please note that the Company respectfully requests expedited treatment of this Petition by the Board of Public Utilities.

Kindly acknowledge receipt of this filing by date stamping an enclosed copy of this Petition and returning same in the self-addressed, postage-prepaid envelope provided.

Thank you for your assistance. Should you have any questions or require any additional information, please do not hesitate to contact me.

CMS  
LEGAL  
J. KANE  
DAG  
RPA  
ENERGY (6)

Respectfully submitted,

*Pamela J. Scott*  
Pamela J. Scott  
An Attorney at Law of the  
State of New Jersey

**Enclosures**

**cc: Service List (w/enclosures)  
Robert Short (w/enclosures)  
Karen McKenna (w/enclosures)  
Amir H. Farivar Mohseni (w/enclosures)  
Roger E. Pedersen (w/enclosures)  
Philip J. Passanante, Esquire (w/enclosures)  
Eric Hartsfield, BPU (w/enclosures)  
Jacqueline Galka, BPU (w/enclosures)  
Jake Gertzman, Esquire (w/enclosures)  
Babette Tenzer, Esquire, DAG (w/enclosures)**

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**NJ BPU  
MAILROOM**

**IN THE MATTER OF THE EMERGENT  
PETITION OF ATLANTIC CITY  
ELECTRIC COMPANY FOR APPROVAL  
TO DEVIATE FOR A LIMITED PERIOD  
OF TIME FROM THE PROVISIONS OF  
N.J.A.C. 14:3-3.5 PERTAINING TO THE  
TIMING OF THE PAYMENT OF  
INTEREST ON CUSTOMER DEPOSIT  
ACCOUNTS**

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

BPU Docket No.

**VERIFIED PETITION**

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Atlantic City Electric Company (“ACE” or the “Petitioner”) hereby moves for an expedited Order granting it approval to deviate from the provisions of N.J.A.C. 14:3-3.5 pertaining to the timing of the payment of interest on customer deposit accounts. In support of this Petition, ACE respectfully submits:

1. ACE is a corporation duly organized and validly existing under and by virtue of the laws of the State of New Jersey for the purpose, among other things, of supplying electric energy for light, heat, and power within its franchise service territory in the southern portion of the State of New Jersey. The Petitioner is a New Jersey public utility as defined by N.J.S.A. 48:2-13.

2. Petitioner is engaged in the purchase, transmission, distribution, and sale of electric energy to approximately 545,000 residential, commercial, and industrial customers located in the State of New Jersey. ACE’s service territory is comprised of eight counties in southern New Jersey.

3. Pursuant to the provisions of N.J.S.A. 48:2-29.5, the Board of Public Utilities (the “Board”) may adopt rules and regulations prescribing the terms and conditions under which public utilities may require the deposit of moneys by customers to secure the payment of such sums as may become due for service to be rendered, and the conditions under which repayment

of moneys deposited for such purpose shall be made. The Board may also adopt rules and regulations prescribing the rate of interest that shall be credited or paid on moneys so deposited.

4. In compliance with the provisions of N.J.S.A. 48:2-29.5, the provisions of N.J.A.C. 14:3-3.5 (d) provides that a utility will pay a customer simple interest on any deposit established under Chapter 3 of Title 14 of the New Jersey Administrative Code (referred to herein as "N.J.A.C." or the "Administrative Code"). Subsection (g) of that provision states as follows: "Interest payments on customer deposits held to secure residential accounts shall be made to the customer at least once during each 12-month period in which a deposit is held." Further, Subsection (h) of that provision provides that the interest to be paid on the deposits shall be paid within one billing period after the interest payment is due as set forth in Subsection (g). The provisions of ACE's Electric Tariff, BPU NJ No. 11 Electric Service – Section II, 2.3 (the "Tariff"), mirror the language of N.J.A.C. 14:3-3.5(g).

5. In compliance with the Tariff and the Administrative Code, ACE's practice has been to pay interest on deposits on the annual anniversary of the payment of the full deposit amount by the customer.

6. Petitioner is in the process of implementing its new billing system, Solution One, which is expected to go live in January 2015. As part of the implementation of Solution One, ACE anticipates that there will be a period of time when it will be extremely difficult to perform the necessary calculations and other processes required to pay interest earned on deposits during 2015. Therefore, for interest earned on customer deposits in 2014, Petitioner will calculate such interest as of November 2014 and pay interest due to all customers in December 2014. For 2015, Petitioner is requesting approval to pay interest earned in 2015, in January 2016, which would result in the payment of interest over a 13 month, rather than a 12 month, period. Thereafter,

beginning in 2017, Petitioner would pay interest earned during the year in the following January so that ACE would then be in compliance with the provisions of the Tariff and the Administrative Code.

7. N.J.A.C. 14:1-1.2 provides that the rules as set forth in the Administrative Code shall be liberally construed to permit the Board to effectively carry out its statutory functions and to secure the just and expeditious determination of issues properly presented to it. In special cases, and for good cause shown, the Board may relax or permit deviations from these rules. The Board shall, in accordance with the general purposes and intent of its rules, waive section(s) of its rules if full compliance with the rule(s) would adversely affect the ratepayers of a utility or other regulated entity, the ability of said utility or other regulated entity to continue to render safe, adequate, and proper service, or the interests of the general public.

8. ACE requests that correspondence and other communications relating to this Petition be sent as follows:

Pamela J. Scott, Esquire  
Assistant General Counsel  
Atlantic City Electric Company  
500 Wakefield Drive  
P.O. Box 6066  
Wilmington, Delaware 19714-6066  
Phone: (302) 429-3143  
Email: [pjscott@pepcoholdings.com](mailto:pjscott@pepcoholdings.com)

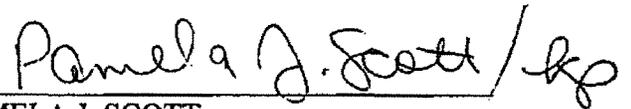
with a copy to:

Roger Pederson  
Manager, Regulatory Affairs  
63ML38  
5100 Harding Highway  
Mays Landing, New Jersey 08330  
Phone: (609) 625-5820  
Email: [roger.pedersen@pepcoholdings.com](mailto:roger.pedersen@pepcoholdings.com)

**WHEREFORE, ATLANTIC CITY ELECTRIC COMPANY** respectfully requests that the Board of Public Utilities take immediate action to issue an Order as follows:

- A. approving the request to pay interest earned on deposits in 2015, in January of 2016 and thereafter; and
- B. for such other and further relief as may be necessary and appropriate to implement the relief requested herein.

Respectfully submitted,  
ATLANTIC CITY ELECTRIC COMPANY



PAMELA J. SCOTT  
An Attorney at Law of the  
State of New Jersey

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500 N. Wakefield Drive  
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[piscott@pepcoholdings.com](mailto:piscott@pepcoholdings.com)

Dated: October 14, 2014

DISTRICT OF COLUMBIA :

: SS.

DISTRICT OF COLUMBIA:

**VERIFICATION**

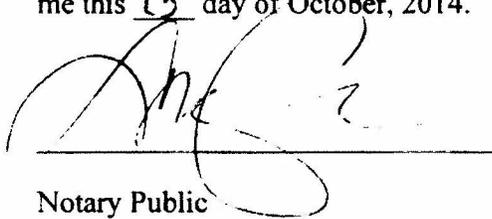
Kevin M. McGowan, of full age, being duly sworn according to law, upon his oath deposes and says:

1. I am the Assistant Treasurer of Atlantic City Electric Company, the Petitioner in the within matter, with which I am familiar.
2. I hereby acknowledge that the filing of this Petition is being made on behalf of Atlantic City Electric Company and verify that the statements contained in the Petition are true and correct to the best of my knowledge, information, and belief.



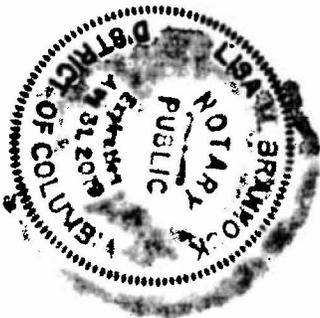
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SWORN and subscribed to before  
me this 13 day of October, 2014.



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Notary Public



**Lisa M. Bramock  
Notary Public, District of Columbia  
My Commission Expires 8/31/2019**

IN THE MATTER OF THE EMERGENT  
PETITION OF ATLANTIC CITY  
ELECTRIC COMPANY FOR APPROVAL  
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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

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CERTIFICATION OF SERVICE

PHILIP J. PASSANANTE, of full age, certifies as follows:

1. I am an attorney at law of the State of New Jersey and an Associate General Counsel to Atlantic City Electric Company, the Petitioner in the within matter, with which I am familiar.

2. I hereby certify that, on October 14, 2014, I caused an original and eleven (11) copies of the within Petition and exhibits thereto to be sent by overnight courier service to Kristi Izzo, Secretary of the Board, Board of Public Utilities, 44 South Clinton Avenue, P.O. Box 350, Trenton, New Jersey 08625. I also caused an electronic copy to be sent to Secretary Izzo at [kristi.izzo@bpu.state.nj.us](mailto:kristi.izzo@bpu.state.nj.us).

3. I further certify that, on October 14, 2014, I caused a complete copy of the Petition to be sent by First Class Mail to each of the parties listed on the attached Service List, except for any copies that were directed to the Division of Rate Counsel. Copies directed to the Division of Rate Counsel were sent by electronic mail and overnight courier service.

4. I further and finally certify that the foregoing statements made by me are true. I am aware that, if any of the foregoing statements made by me are willfully false, I am subject to punishment.

IN THE MATTER OF THE EMERGENT PETITION OF ATLANTIC CITY ELECTRIC COMPANY FOR APPROVAL TO  
DEVIATE FOR A LIMITED PERIOD OF TIME FROM THE PROVISIONS OF N.J.A.C. 14:3-3.5 PERTAINING TO THE  
TIMING OF THE PAYMENT OF INTEREST ON CUSTOMER DEPOSIT ACCOUNTS

Service List

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**ACE**

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