



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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Post Office Box 350  
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[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PETITION OF ATLANTIC )	DECISION AND ORDER ADOPTING
CITY ELECTRIC COMPANY FOR APPROVAL OF )	INITIAL DECISION AND
AMENDMENTS TO ITS TARIFF TO PROVIDE FOR AN )	STIPULATION OF SETTLEMENT
INCREASE IN RATES AND CHARGES FOR ELECTRIC )	
SERVICE PURSUANT TO <u>N.J.S.A. 48:2-21</u> AND )	BPU DOCKET NO. ER17030308
<u>N.J.S.A. 48:2-21.1</u> AND FOR OTHER APPROPRIATE )	OAL DOCKET NO. PUC 04989-2017
RELIEF (2017) )	

**Parties of Record:**

**Phillip J. Passanante, Esq., and Wendy Stark, Esq. and Colleen Foley, Esq.** (Saul Ewing) LLP on behalf of Atlantic City Electric Company, Petitioner  
**Stefanie A. Brand, Esq., Director,** Division of Rate Counsel  
**Bradford M. Stern, Esq., and Martin C. Rothfelder, Esq.,** for Unimin Corporation  
**Donald R. Wagner, Esq.,** Stevens & Lee, for Wal-Mart Stores East, L.L.C. and Sam's East, Inc.

**BY THE BOARD:**

On March 30, 2017, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12, Atlantic City Electric Company ("ACE" or "Company"), a public utility of the State of New Jersey subject to the jurisdiction of the New Jersey Board of Public Utilities ("Board"), filed a petition for approval of an increase in its current base rates for electric service of approximately \$70.2 million, excluding Sales and Use Tax ("SUT") (\$74.8 million including SUT), to be effective for electric service provided on or after April 30, 2017. The Company also requested a return on equity ("ROE") of 10.10%. According to the petition, the primary reason for the requested increase is that the Company's current base rates do not: (i) provide sufficient operating revenues to reflect increased investment in the Company's rate base, meet operating expenses, taxes, and fixed charges, and maintain its financial viability; and (ii) provide a fair opportunity to earn a reasonable rate of return on the fair value of the Company's property. The Company's petition was based on five (5) months of actual data and seven (7) months of estimated data.

Additionally, the Company requested the authority to: (i) create a regulatory asset to record the costs to achieve merger synergy savings to amortize those costs over a five (5) year period; (ii) incorporate the results of ACE's Costs of Service Study and consider the unitized rate of return for each customer rate class in the allocation of overall revenue requirements among rate classes; and (iii) modify certain charges, including monthly customer charges and provide format changes to tariff sheets delineating the pricing for certain schedules.

The Company also states it did not use the Peak and Average Coincident Peak method ("P & A method") to develop its proposed rates in this proceeding. ACE further sought approval of its proposed System Renewal Recovery Charge ("SRRC").

The Company sought to implement its proposed rates to become effective for service rendered on or after April 30, 2017, but in no event after December 30, 2017. By Order effective April 30, 2017, the Board suspended the proposed rates until August 30, 2017, and on July 26, 2017 the Board further suspended the implementation of rates until December 30, 2017.

On April 5, 2017 this matter was transmitted to the Office of Administrative Law ("OAL") where it was assigned to Administrative Law Judge ("ALJ") Elia A. Pelios. A telephone pre-hearing conference was held by ALJ Pelios on May 23, 2017. A Pre-Hearing Order and Procedural Schedule was issued on June 19, 2017. On June 26, 2017, the OAL notified the parties that the case had been reassigned to ALJ Jacob S. Gertsman.

On July 24, 2017 ALJ Gertsman granted Wal-Mart Stores East, LP and Sam's East, Inc. ("Wal-Mart") and Unimin Corporation ("Unimin") Intervenor status, while Public Service Electric and Gas Company ("PSE&G"), Jersey Central Power and Light Company ("JCP&L"), and the Builders League of South Jersey ("BLSJ") were granted Participant status.

On July 24, 2017, ACE filed an update to the petition to include nine (9) months of actual data and three (3) months of estimated data. The July update modified the Company's request to reflect a net annual increase in base rates for electric service of \$72.6 million (\$77.4 million, including SUT).

On August 1, 2017, Direct Testimony was filed by Rate Counsel and Wal-Mart.<sup>1</sup>

On August 30, 2017, the Company filed its a further update to the petition, including revised schedules demonstrating the Company's actual results for the twelve (12) month test year. The August update reflected a revenue requirement of \$84.6 million (\$90.2 million, including SUT).

Two (2) public hearings were held in Mays Landing, New Jersey on June 28, 2017 at 3:30 p.m. and 5:30 p.m. with ALJ Gertsman presiding. Several members of the public attended, including various New Jersey companies and organizations, and spoke in favor of the petition. All comments were transcribed by the Court reporter and are part of the record. The Board did not receive any written comments with regard to the petition.

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<sup>1</sup> Rate Counsel filed Direct Testimony by Andrea Crane, Matthew Kahal, David Peterson, Susan Baldwin, and Max Chang and Charles Salamone. Wal-Mart filed the Direct Testimony of Steve Chriss.

## **STIPULATION**

After discovery and comprehensive settlement discussion, on September 8, 2017, the Company, Board Staff, Wal-Mart, and Rate Counsel (collectively, "Signatory Parties") reached a stipulation of settlement ("Stipulation"),<sup>2</sup> the key elements of which are as follows:

1. For the purposes of this proceeding only, the Signatory Parties agree that the Company's rate base is deemed to be \$1,316,150,936 with a test year ending on July 31, 2017. The Signatory Parties further agree that this rate base amount does not reflect any particular ratemaking adjustment proposed by any Signatory Party for incorporation into the overall revenue requirement calculation.
2. The Signatory Parties agree that, for the purposes of resolving this proceeding, the Company shall have an overall rate of return of 7.60 percent, which is based on a capital structure consisting of 50.47 percent equity with a cost rate of 9.60 percent, and 49.53 percent long-term debt with a cost rate of 5.56 percent.
3. The Signatory Parties stipulate that a revenue increase for the Company of \$43 million (exclusive of SUT, or \$45,848,750 inclusive of SUT) is an appropriate resolution of this matter, and is just and reasonable.
4. The Signatory Parties acknowledge that the stipulated revenue increase reflects consideration of a consolidated income tax adjustment.
5. The Signatory Parties agree and recommend that the Board should authorize the Company to implement new rates, based upon an increase in distribution base rate revenues of \$43 million (exclusive of SUT). The Signatory Parties agree that this increase in base rate revenues should be implemented as indicated on the attached proof of revenues and rate design schedules (included as Exhibit A to the Stipulation) implementing the terms of the Stipulation. Tariff pages implementing these rates will be submitted upon Board approval of the Stipulation. The tariff pages will reflect a change in the monthly customer charge for Rate Schedule RS (residential service) from \$4.44 to \$5.00 (including SUT). Based on the rate design in Exhibit A of the Stipulation, the overall annual average monthly impact of this rate change on the total bill for a typical residential customer using 716 kWh per month is \$5.52 or 4.03 percent (inclusive of SUT or \$5.17 or 3.85 percent exclusive of SUT). The agreement on rate design is for settlement purposes only, and does not indicate Board Staff's or Rate Counsel's agreement to the Company's functionalization, classification, and allocation of costs or to the Company's cost of service methodology presented in its Petition and testimonies filed in this matter.
6. The Signatory Parties acknowledge that the Board has resolved the Company's requests regarding its economic development pilot program, including Rider SCD and Rider RP, in a separately docketed proceeding, and that no further action on the Company's request is required in this base rate case.

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<sup>2</sup> Although summarized in this Order, the detailed terms of the Stipulation control, subject to the findings and conclusions of the Order.

7. The Company will continue to comply with the requirement ordered by the Board in BPU Docket No. ER03020110 to file the Company's base rate requests including an alternative distribution rate design based on a Cost of Service Study using a Peak and Average Coincident Peak Method.
8. The Company hereby agrees to withdraw its request to implement an SRRC. At the time the Company initiated this base rate proceeding, it did not have the benefit of considering either the infrastructure investment straw proposal prepared by the Staff of the Board, or the resulting draft regulations, approved for publication by the Board in the New Jersey Register and currently subject to comment. In light of those important policy initiatives undertaken by the Board, the Company has concluded it would be appropriate to reconsider its SRRC proposal, and to make a future infrastructure investment filing following the Board's action on the draft regulations.
9. The Signatory Parties agree and recommend that the Board approve the Company's tariff for electric service which has been revised and corrected to reflect the comments of Board Staff regarding a number of administrative corrections, and to include language proposed by Board Staff regarding the Company's tariff provisions addressing Net Energy Metering. The Signatory Parties further acknowledge that the Company will be required to file a complete conformed tariff upon the Board's final resolution of this proceeding.
10. The Signatory Parties acknowledge that the Company is responsible for determining the prudent level of system investment that is needed to meet its service obligations to customers, to satisfy reliability and minimum spending commitments agreed to in the Exelon Merger which include the commitment to continue the programs identified and the reporting requirements in the Reliability Improvement Plan ("RIP") through 2021, and to operate its system in a safe and reliable manner consistent with sound engineering practice. The Signatory Parties also acknowledge Rate Counsel has recommended that accelerated reliability spending under the existing RIP should be phased out, such that the ongoing reliability capital and O&M spend at the Company in the future is at the level necessary to meet the reliability commitments under the merger agreement and to meet its service obligations to customers. The Petitioner agrees to prepare a proposal for phasing out the accelerated reliability spending in the RIP, consistent with its obligation to provide safe, adequate and proper service and to meet its Exelon Merger commitments, and to present that plan in the Company's next base rate case. Nothing in this paragraph shall preclude the Company from filing a proposal for an infrastructure investment tracker mechanism, as referenced in Paragraph 8 of the Stipulation.
11. The Signatory Parties agree there are numerous reasons, including the economic challenges faced by southern New Jersey, why the Petitioner continues to experience customer complaint levels in excess of 1,500 complaints annually. To understand and address the many factors contributing to this problem, ACE will continue to meet quarterly with representatives from Board Staff and Rate Counsel in connection with the Company's Customer Service Improvement Plan, and will include in those meetings discussion of this issue, exploration of options for addressing this concern, and reporting on the results of the Company's efforts. The Signatory Parties also acknowledge that the Board has commenced a management audit of the Company, the scope of which also includes customer service matters.

12. The Signatory Parties acknowledge that the rate design proposed in the Stipulation will result in no increase to Rate Schedule TGS-Transmission General Service.
13. The Signatory Parties agree and recommend that the Petitioner should be authorized to create a regulatory asset which includes the following costs to achieve synergy savings incurred in the Exelon Merger: (1) costs to achieve in the amount of \$3,315,770 incurred in the period beginning March 23, 2016 through July 31, 2016; (2) costs to achieve in the amount of \$4,929,176 during the August 1, 2016 through July 31, 2017 test year period in this proceeding; and (3) costs to achieve incurred on or after August 1, 2017. For the purposes of the Stipulation, the Parties agree that the regulatory asset created in this Paragraph will not be included in rate base at this time. Any future rate treatment for the regulatory asset will be determined in the next base rate case filed by the Company. The Company agrees that, among other things, it will not recover merger transaction costs, or any imprudently incurred costs. The Company further agrees that it will not seek to recover costs to achieve, including the amount deemed a regulatory asset herein until it has demonstrated that the synergy savings exceed the costs to achieve. The Company will make this showing in its next filed base rate case, and acknowledges that it bears the burden of proof. The Signatory Parties expressly acknowledge that the terms of the Stipulation are non-precedential, and expressly reserve their right to support or oppose any request by the Company in the future to recover its claimed costs to achieve.
14. The Signatory Parties agree that the Company should be permitted to create a regulatory asset in the amount of \$5,577,392 to reflect costs related to three Major Storm Events (the June, 2016 Storm [\$1,708,455], the January, 2017 Storm [\$1,727,933], and the March, 2017 Winter Storm Stella [\$2,141,004]), which will be recovered in base rates via a three year amortization with no rate base treatment of the unamortized balance.

On September 8 2017, BLSJ, Unimin, PSE&G filed correspondence indicating that they did not object/took no position on the terms to the Stipulation. On September 11, 2017, JCP&L filed similar correspondence.

On September 12, 2017 ALJ Gertsman issued an initial decision accepting the terms of the Settlement.

### **DISCUSSION AND FINDINGS**

In evaluating a proposed settlement, the Board must review the record, balance the interests of the ratepayers and the shareholders, and determine whether the settlement represents a reasonable disposition of the issues that will enable the Company to provide its customers in this State with safe, adequate and proper service at just and reasonable rates. In re Petition of Pub. Serv. Elec. & Gas, 304 N.J. Super. 247 (App. Div.), cert. denied, 152 N.J. 12 (1997). The Board recognizes that the parties worked diligently to negotiate a compromise that attempts to meet the needs of as many stakeholders as possible. The Board further recognizes that the Stipulation represents a balanced solution considering the many complex issues that were addressed during the proceeding.

Therefore, based on the Board's review and consideration of the record in this proceeding, the Board **HEREBY FINDS** the Initial Decision and Stipulation to be reasonable, in the public interest and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the

attached Initial Decision and Stipulation in their entirety, and **HEREBY INCORPORATES** their terms and conditions as though fully set forth herein, subject to any terms and conditions set forth in this Order.

As a result of the Stipulation, a typical residential customer using 716 kWh monthly will experience an increase in the monthly bill of \$5.52 or 4.3 per cent inclusive of SUT and \$5.17 or 3.85 percent exclusive of SUT.

The rates approved by this Order will become effective for service rendered on and after October 1, 2017.


The Company is **HEREBY DIRECTED** to file tariff sheets consistent with this Order by October 1, 2017.

The Company's rates remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

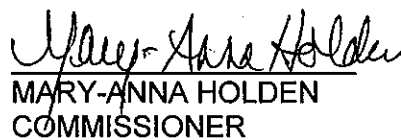
This Order shall be effective on September 29, 2017.

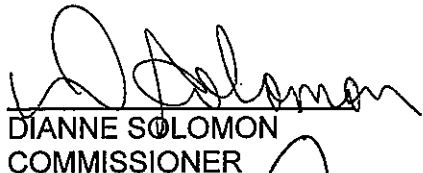
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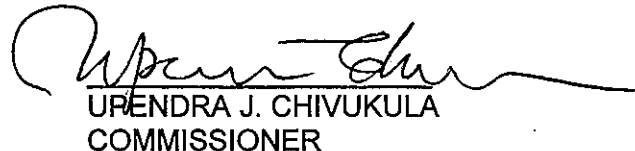
BOARD OF PUBLIC UTILITIES  
BY:

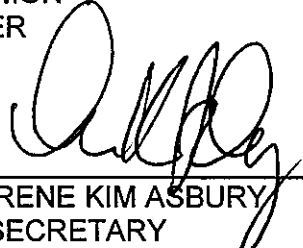
  
RICHARD S. MROZ  
PRESIDENT

  
JOSEPH L. FIORDALISO  
COMMISSIONER

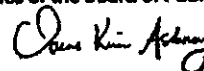
  
MARY-ANNA HOLDEN  
COMMISSIONER

  
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 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 (2017)  
BPU DOCKET NO. ER17030308  
OAL DOCKET NO. PUC 04989-2017

SERVICE LIST

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ENERGY

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 <u>N.J.S.A. 48:2-21</u> AND <u>N.J.S.A. 48:2-21.1</u> AND FOR OTHER APPROPRIATE RELIEF (2017)	)	DECISION AND ORDER ADOPTING INITIAL DECISION AND STIPULATION OF SETTLEMENT
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**BY THE BOARD:**

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12. The Signatory Parties acknowledge that the rate design proposed in the Stipulation will result in no increase to Rate Schedule TGS-Transmission General Service.
13. The Signatory Parties agree and recommend that the Petitioner should be authorized to create a regulatory asset which includes the following costs to achieve synergy savings incurred in the Exelon Merger: (1) costs to achieve in the amount of \$3,315,770 incurred in the period beginning March 23, 2016 through July 31, 2016; (2) costs to achieve in the amount of \$4,929,176 during the August 1, 2016 through July 31, 2017 test year period in this proceeding; and (3) costs to achieve incurred on or after August 1, 2017. For the purposes of the Stipulation, the Parties agree that the regulatory asset created in this Paragraph will not be included in rate base at this time. Any future rate treatment for the regulatory asset will be determined in the next base rate case filed by the Company. The Company agrees that, among other things, it will not recover merger transaction costs, or any imprudently incurred costs. The Company further agrees that it will not seek to recover costs to achieve, including the amount deemed a regulatory asset herein until it has demonstrated that the synergy savings exceed the costs to achieve. The Company will make this showing in its next filed base rate case, and acknowledges that it bears the burden of proof. The Signatory Parties expressly acknowledge that the terms of the Stipulation are non-precedential, and expressly reserve their right to support or oppose any request by the Company in the future to recover its claimed costs to achieve.
14. The Signatory Parties agree that the Company should be permitted to create a regulatory asset in the amount of \$5,577,392 to reflect costs related to three Major Storm Events (the June, 2016 Storm [\$1,708,455], the January, 2017 Storm [\$1,727,933], and the March, 2017 Winter Storm Stella [\$2,141,004]), which will be recovered in base rates via a three year amortization with no rate base treatment of the unamortized balance.

On September 8 2017, BLSJ, Unimin, PSE&G filed correspondence indicating that they did not object/took no position on the terms to the Stipulation. On September 11, 2017, JCP&L filed similar correspondence.

On September 12, 2017 ALJ Gertsman issued an initial decision accepting the terms of the Settlement.

### **DISCUSSION AND FINDINGS**

In evaluating a proposed settlement, the Board must review the record, balance the interests of the ratepayers and the shareholders, and determine whether the settlement represents a reasonable disposition of the issues that will enable the Company to provide its customers in this State with safe, adequate and proper service at just and reasonable rates. In re Petition of Pub. Serv. Elec. & Gas, 304 N.J. Super. 247 (App. Div.), cert. denied, 152 N.J. 12 (1997). The Board recognizes that the parties worked diligently to negotiate a compromise that attempts to meet the needs of as many stakeholders as possible. The Board further recognizes that the Stipulation represents a balanced solution considering the many complex issues that were addressed during the proceeding.

Therefore, based on the Board's review and consideration of the record in this proceeding, the Board **HEREBY FINDS** the Initial Decision and Stipulation to be reasonable, in the public interest and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the

attached Initial Decision and Stipulation in their entirety, and **HEREBY INCORPORATES** their terms and conditions as though fully set forth herein, subject to any terms and conditions set forth in this Order.

As a result of the Stipulation, a typical residential customer using 716 kWh monthly will experience an increase in the monthly bill of \$5.52 or 4.3 per cent inclusive of SUT and \$5.17 or 3.85 percent exclusive of SUT.

The rates approved by this Order will become effective for service rendered on and after October 1, 2017.

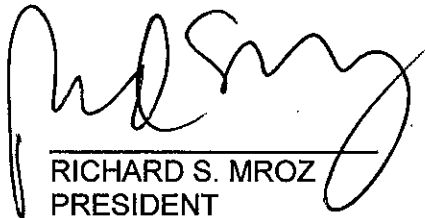
The Company is **HEREBY DIRECTED** to file tariff sheets consistent with this Order by October 1, 2017.

The Company's rates remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

This Order shall be effective on September 29, 2017.

DATED: 9/22/17

BOARD OF PUBLIC UTILITIES  
BY:



RICHARD S. MROZ  
PRESIDENT



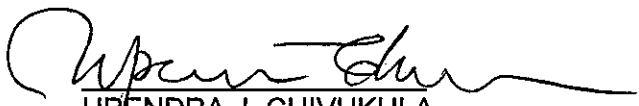
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COMMISSIONER



MARY-ANNA HOLDEN  
COMMISSIONER



DIANNE SOLOMON  
COMMISSIONER



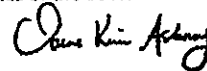
UPENDRA J. CHIVUKULA  
COMMISSIONER

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 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 (2017)  
BPU DOCKET NO. ER17030308  
OAL DOCKET NO. PUC 04989-2017

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**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

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<b>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 <u>N.J.S.A.</u> 48:2-21 AND <u>N.J.S.A.</u> 48:2-21.1 AND FOR OTHER APPROPRIATE RELIEF (2017)</b>	: : : <b>BPU DOCKET NO. ER17030308</b> : <b>OAL DOCKET NO. PUC 04989-2017</b> : : : <b>STIPULATION OF SETTLEMENT</b> : : : : :
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**APPEARANCES:**

Wendy E. Stark, Esq., Vice President & General Counsel, Clark M. Stalker, Esq., Associate General Counsel, Philip J. Passanante, Esq., Assistant General Counsel, and Colleen A. Foley, Esq. (Saul Ewing LLP), on behalf of Atlantic City Electric Company, Petitioner

Alex Moreau and Veronica Beke, Deputy Attorneys General (Christopher S. Porrino, Attorney General of New Jersey), on behalf of the Staff of the Board of Public Utilities

Stefanie A. Brand, Esq., Director, Brian O. Lipman, Deputy Rate Counsel, Ami Morita, Esq., Deputy Rate Counsel, Diane Schulze, Esq., Assistant Deputy Rate Counsel, James W. Glassen, Esq., Assistant Deputy Rate Counsel, Kurt Lewandowski, Esq., Assistant Deputy Rate Counsel, Maura Caroselli, Assistant Deputy Rate Counsel and Brian Weeks, Esq., Deputy Rate Counsel, on behalf of the Division of Rate Counsel

Bradford M. Stern, Esq. and Martin C. Rothfelder, Esq., Rothfelder Stern, L.L.C., on behalf of Intervenor, Unimin Corporation

Donald R. Wagner, Esq., Stevens & Lee, on behalf of the Wal-Mart Stores East, LP and Sam's East, Inc.

Joseph F. Accardo, Jr., Esq., on behalf of Participant, Public Service Electric and Gas Company

Lauren M. Lepkoski, Esq., on behalf of Participant, Jersey Central Power & Light Company

Steven S. Goldenberg, Esq., Fox Rothschild, LLP, on behalf of Participant, the Builders League of South Jersey, Inc.

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

The parties to this proceeding are as follows: Atlantic City Electric Company (the "Company," "Petitioner" or "ACE"), the Division of Rate Counsel ("Rate Counsel"), the Staff of the New Jersey Board of Public Utilities ("Board Staff" or "Staff"), Intervenor, Unimin Corporation ("Unimin"), Intervenor, Wal-Mart Stores East, LP and Sam's East, Inc. (together, "Wal-Mart"), Participant, Public Service Electric and Gas Company ("PSE&G"), Participant, Jersey Central Power & Light Company ("JCP&L"), and Participant, the Builders League of South Jersey, Inc. ("BLSJ"). The New Jersey Board of Public Utilities shall be referred to in this Stipulation of Settlement (the "Stipulation") as the "Board" or the "BPU." As used in this Stipulation, the term "Signatory Parties" refers to the Petitioner, Board Staff, Rate Counsel, and Wal-Mart.

#### **PROCEDURAL HISTORY**

Petitioner is a corporation organized and existing under the laws of the State of New Jersey, subject to the jurisdiction of the New Jersey Board of Public Utilities (the "Board"), with a regional office located at 5100 Harding Highway, Mays Landing, New Jersey 08330. On March 30, 2017, the Company filed a Verified Petition with the Board pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1 seeking a net annual increase in the Company's base rates for electric distribution service of approximately \$70.2 million, excluding New Jersey Sales and Use Tax ("SUT"), and to make other tariff changes.<sup>1</sup> The Company filed its Petition based on a test year ending July 31, 2017, consisting of five months of actual results and seven months of forecasted

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<sup>1</sup> Specifically, the Company sought an increase in distribution rates of \$70,160,580 (\$74,808,719, including SUT).

data, adjusted for certain known and measurable changes. On August 29, 2017, the Petitioner filed revised schedules reflecting the Company's actual results for the 12-month test year period, adjusted for known and measurable changes.

On April 5, 2017, the Board transmitted the matter to the Office of Administrative Law as a contested case, and Administrative Law Judge ("ALJ") Elia A. Pelios was assigned to hear the case. A telephone Pre-Hearing Conference was convened by ALJ Pelios on May 23, 2017, and a Pre-Hearing Order was issued on June 19, 2017. On June 26, 2017, the parties were notified that the case had been reassigned to ALJ Jacob S. Gertsman.

On May 8, 2017, PSE&G filed a Motion to Participate. On May 9, 2017, JCP&L filed a Motion to Participate. On May 12, 2017, Unimin filed a Motion to Intervene. By letter dated May 16, 2017, the Company indicated that it did not oppose the granting of these three Motions.

On June 8, 2017, Wal-Mart filed a Motion to Intervene. On June 16, 2017, BLSJ filed a Motion to Intervene. On June 26, 2017, the Company filed a letter indicating it did not object to the granting of Wal-Mart's Motion. At that time, the Company also indicated that it opposed the granting of BLSJ's Motion to Intervene, but would not object to granting BLSJ participant status. BLSJ replied to the Company's opposition on July 19, 2017.

On July 24, 2017, ALJ Gertsman issued a series of orders granting the Motions to Participate of PSE&G and JCP&L, and the Motions to Intervene of Unimin and Wal-Mart. Also on July 24, 2017, ALJ Gertsman issued an order denying BLSJ's Motion to Intervene, but granting BLSJ participant status.

By way of an Order effective April 30, 2017, the Board suspended until August 30, 2017, the implementation of the changes the Company sought to make to its base rates. The

Board further suspended the implementation of rates until December 30, 2017, in an Order effective August 30, 2017.

After proper notice, two public hearings were held in Mays Landing, New Jersey at 3:30 P.M. and 5:30 P.M. on June 28, 2017, with ALJ Gertsman presiding. Several members of the public appeared at the hearings, and spoke in favor of the Company's proposed increase. No members of the public spoke in opposition to the Company's proposed increase. All comments were transcribed and made a part of the record.

Discovery was conducted, and Direct Testimony was filed by Rate Counsel and Wal-Mart on August 1, 2017.<sup>2</sup> Thereafter, multiple settlement discussions were held. The Company, Board Staff, Rate Counsel, and Wal-Mart (collectively, the "Signatory Parties" and each a "Signatory Party") have come to an agreement on the matters set forth in this Stipulation. Unimin, PSE&G, JCP&L, and BLSJ while not Signatory Parties, have indicated that they do not object to, or will take no position on, the terms of this Stipulation. Therefore, the Signatory Parties hereto agree and stipulate as follows:

1. For the purposes of this proceeding only, the Signatory Parties agree that the Company's rate base is deemed to be \$1,316,150,936 with a test year ending on July 31, 2017. The Signatory Parties further agree that this rate base amount does not reflect any particular ratemaking adjustment proposed by any Signatory Party for incorporation into the overall revenue requirement calculation.

2. The Signatory Parties agree that, for the purposes of resolving this proceeding, the Company shall have an overall rate of return of 7.60 percent, which is based on a capital

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<sup>2</sup> Rate Counsel filed Direct Testimony by Andrea Crane, Matthew Kahal, David Peterson, Susan Baldwin, and Max Chang and Charles Salamone. Wal-Mart filed the Direct Testimony of Steve Chriss.

structure consisting of 50.47 percent equity with a cost rate of 9.60 percent, and 49.53 percent long-term debt with a cost rate of 5.56 percent.

3. The Signatory Parties stipulate that a revenue increase for the Company of \$43 million (exclusive of SUT, or \$45,848,750 inclusive of SUT) is an appropriate resolution of this matter, and is just and reasonable.

4. The Signatory Parties acknowledge that the stipulated revenue increase reflects consideration of a consolidated income tax adjustment.

5. The Signatory Parties agree and recommend that the Board should authorize the Company to implement new rates, based upon an increase in distribution base rate revenues of \$43 million (exclusive of SUT). The Signatory Parties agree that this increase in base rate revenues should be implemented as indicated on the attached proof of revenues and rate design schedules (included as **Exhibit A**) implementing the terms of this Stipulation. Tariff pages implementing these rates will be submitted upon Board approval of this Stipulation. The tariff pages will reflect a change in the monthly customer charge for Rate Schedule RS (residential service) from \$4.44 to \$5.00 (including SUT). Based on the rate design in **Exhibit A**, the overall annual average monthly impact of this rate change on the total bill for a typical residential customer using 716 kWh per month is \$5.52 or 4.03 percent (inclusive of SUT or \$5.17 or 3.85 percent exclusive of SUT). This agreement on rate design is for settlement purposes only, and does not indicate Board Staff's or Rate Counsel's agreement to the Company's functionalization, classification, and allocation of costs or to the Company's cost of service methodology presented in its Petition and testimonies filed in this matter.

6. The Signatory Parties acknowledge that the Board has resolved the Company's requests regarding its economic development pilot program, including Rider SCD and Rider RP,

in a separately docketed proceeding, and that no further action on the Company's request is required in this base rate case.<sup>3</sup>

7. The Company will continue to comply with the requirement ordered by the Board in BPU Docket No. ER03020110 to file the Company's base rate requests including an alternative distribution rate design based on a Cost of Service Study using a Peak and Average Coincident Peak Method.

8. The Company hereby agrees to withdraw its request to implement a System Renewal Recovery Charge (the "SRRC"). At the time the Company initiated this base rate proceeding, it did not have the benefit of considering either the infrastructure investment straw proposal prepared by the Staff of the Board, or the resulting draft regulations, approved for publication by the Board in the New Jersey Register and currently subject to comment.<sup>4</sup> In light of those important policy initiatives undertaken by the Board, the Company has concluded it would be appropriate to reconsider its SRRC proposal, and to make a future infrastructure investment filing following the Board's action on the draft regulations.

9. The Signatory Parties agree and recommend that the Board approve the Company's tariff for electric service which has been revised and corrected to reflect the comments of Board Staff regarding a number of administrative corrections, and to include language proposed by Board Staff regarding the Company's tariff provisions addressing Net Energy Metering. The Signatory Parties further acknowledge that the Company will be required to file a complete conformed tariff upon the Board's final resolution of this proceeding.

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<sup>3</sup> See *I/M/O the Application of Atlantic City Electric Company to Amend its Pilot Redevelopment Program Service Tariff Rider RP and Its Pilot Small Commercial Development Tariff Rider SCD to Revise and Expand the Eligibility Criteria for Customer Participation Therein*, BPU Docket No. ER17010007, Order Amending Riders (dated May 31, 2017).

<sup>4</sup> The proposed infrastructure investment and recovery rules are pending at the Board as BPU Docket No. AX17050469, Proposal No. PRN 2017-164.

10. The Signatory Parties acknowledge that the Company is responsible for determining the prudent level of system investment that is needed to meet its service obligations to customers, to satisfy reliability and minimum spending commitments agreed to in the Exelon Merger which include the commitment to continue the programs identified and the reporting requirements in the Reliability Improvement Plan ("RIP") through 2021, and to operate its system in a safe and reliable manner consistent with sound engineering practice. The Signatory Parties also acknowledge Rate Counsel has recommended that accelerated reliability spending under the existing RIP should be phased out, such that the ongoing reliability capital and O&M spend at the Company in the future is at the level necessary to meet the reliability commitments under the merger agreement and to meet its service obligations to customers. The Petitioner agrees to prepare a proposal for phasing out the accelerated reliability spending in the RIP, consistent with its obligation to provide safe, adequate and proper service and to meet its Exelon Merger commitments, and to present that plan in the Company's next base rate case. Nothing in this paragraph shall preclude the Company from filing a proposal for an infrastructure investment tracker mechanism, as referenced in Paragraph 8 above.

11. The Signatory Parties agree there are numerous reasons, including the economic challenges faced by southern New Jersey, why the Petitioner continues to experience customer complaint levels in excess of 1,500 complaints annually. To understand and address the many factors contributing to this problem, ACE will continue to meet quarterly with representatives from Board Staff and Rate Counsel in connection with the Company's Customer Service Improvement Plan, and will include in those meetings discussion of this issue, exploration of

options for addressing this concern, and reporting on the results of the Company's efforts.<sup>5</sup> The Signatory Parties also acknowledge that the Board has commenced a management audit of the Company, the scope of which also includes customer service matters.

12. The Signatory Parties acknowledge that the rate design proposed in this Stipulation will result in no increase to Rate Schedule TGS-Transmission General Service.

13. The Signatory Parties agree and recommend that the Petitioner should be authorized to create a regulatory asset which includes the following costs to achieve synergy savings incurred in the Exelon Merger: (1) costs to achieve in the amount of \$3,315,770 incurred in the period beginning March 23, 2016 through July 31, 2016; (2) costs to achieve in the amount of \$4,929,176 during the August 1, 2016 through July 31, 2017 test year period in this proceeding; and (3) costs to achieve incurred on or after August 1, 2017. For the purposes of this Stipulation, the Parties agree that the regulatory asset created in this Paragraph will not be included in rate base at this time. Any future rate treatment for the regulatory asset will be determined in the next base rate case filed by the Company. The Company agrees that, among other things, it will not recover merger transaction costs, or any imprudently incurred costs. The Company further agrees that it will not seek to recover costs to achieve, including the amount deemed a regulatory asset herein until it has demonstrated that the synergy savings exceed the costs to achieve. The Company will make this showing in its next filed base rate case, and acknowledges that it bears the burden of proof. The Signatory Parties expressly acknowledge that the terms of this Stipulation of Settlement are non-precedential, and expressly reserve their

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<sup>5</sup> The Signatory Parties acknowledge that the quarterly meetings may take place in-person or via telephone conference, and may be scheduled to coincide with other meetings between the Company, Board Staff and Rate Counsel.



right to support or oppose any request by the Company in the future to recover its claimed costs to achieve.

14. The Signatory Parties agree that the Company should be permitted to create a regulatory asset in the amount of \$5,577,392 to reflect costs related to three Major Storm Events (the June, 2016 Storm [\$1,708,455], the January, 2017 Storm [\$1,727,933], and the March, 2017 Winter Storm Stella [\$2,141,004]), which will be recovered in base rates via a three year amortization with no rate base treatment of the unamortized balance.

15. Each Signatory Party agrees to use its best efforts to ensure that this Stipulation shall be presented to the Board for approval at the Board's September 22, 2017 public agenda meeting. Each Signatory Party also understands that a Board order adopting this Stipulation will become effective upon the service of said Board order or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

16. This Stipulation shall be binding on the Signatory Parties upon the effective date of a Board Order approving this Stipulation. This Stipulation shall bind the Signatory Parties in this matter only and shall have no precedential value. This Stipulation contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation. Each term is vital to the agreement as a whole, since the Signatory Parties expressly and jointly state that they would not have signed the Stipulation had any term been modified in any way. Since the Signatory Parties have compromised in numerous areas, each is entitled to certain procedures in the event that any modifications whatsoever are made to the Stipulation. If, upon consideration of this Stipulation, the Board were to modify any of the terms described above, each Signatory Party must be given the right to be placed in the position it was in before this Stipulation was entered into. It is essential that each Signatory Party be afforded the option,

prior to the implementation of any new rate resulting from any modification of this Stipulation, either to modify its own position to accept the proposed change(s) or to resume the proceeding as if no agreement had been reached. This proceeding, under such circumstances, would resume at the point where it was terminated. The Signatory Parties agree that these procedures are fair to all concerned, and therefore, they are made an integral and essential element of this Stipulation. None of the Signatory Parties shall be prohibited from or prejudiced in arguing a different policy or position before the Board in any other proceeding, as such agreements pertain only to this matter and to no other matter.

17. This Stipulation represents the full scope of the agreement between the parties. This Stipulation may only be modified by a further written agreement executed by all the parties to this Stipulation.

18. This Stipulation may be executed in as many counterparts as there are Signatory Parties of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

ATLANTIC CITY ELECTRIC COMPANY

September 8, 2017  
Date

By: Colleen A. Foley  
Colleen A. Foley, Esq.  
Saul Ewing LLP  
Attorney for Petitioner

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the Board of Public Utilities

September 8, 2017  
Date

By: Alex Moreau  
Alex Moreau  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR – DIVISION OF RATE COUNSEL

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Stefanie A. Brand, Esq.  
Director, Division of Rate Counsel

WAL-MART STORES EAST, LP/SAM'S EAST, INC.

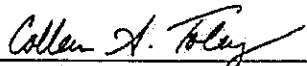
\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Donald R. Wagner, Esq.  
Stevens & Lee  
Attorney for Intervenors, Wal-Mart Stores East, LP  
and Sam's East, Inc.

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ATLANTIC CITY ELECTRIC COMPANY

September , 2017  
Date

By:   
Colleen A. Foley, Esq.  
Saul Ewing LLP  
Attorney for Petitioner

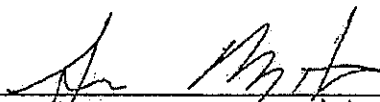
CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the Board of Public Utilities

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Alex Moreau  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR – DIVISION OF RATE COUNSEL

\_\_\_\_\_  
Date

By:   
~~Stefanie A. Brand, Esq.~~ AMI MORITA, ESQ.  
Director, Division of Rate Counsel

WAL-MART STORES EAST, LP/SAM'S EAST, INC.

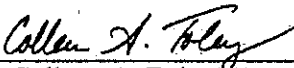
\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Donald R. Wagner, Esq.  
Stevens & Lee  
Attorney for Intervenors, Wal-Mart Stores East, LP  
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ATLANTIC CITY ELECTRIC COMPANY

September 8, 2017  
Date

By:   
Colleen A. Foley, Esq.  
Saul Ewing LLP  
Attorney for Petitioner

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the Board of Public Utilities

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Alex Moreau  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR – DIVISION OF RATE COUNSEL

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Stefanie A. Brand, Esq.  
Director, Division of Rate Counsel

WAL-MART STORES EAST, LP/SAM'S EAST, INC.

September 8, 2017  
Date

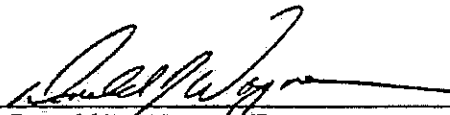
By:   
Donald R. Wagner, Esq.  
Stevens & Lee  
Attorney for Intervenor, Wal-Mart Stores East, LP  
and Sam's East, Inc.

EXHIBIT A

PROOF OF REVENUES &  
RATE DESIGN

Atlantic City Electric Company  
Development of Proposed Distribution Rate  
Rate Class Allocation of Distribution Revenue Requirements

Revenue Requirement	43,000,000										
Revenue Allocation		72.08%	9.0%	0.1%	14.7%	2.1%	0.0%	0.0%	2.0%	0.0%	

**TABLE 3** Rate Schedule Specific Revenue Increase Allocation

Rate Schedule	Total	RESIDENTIAL	MONTHLY GENERAL SERV SECONDARY	MONTHLY GENERAL SERV PRIMARY	ANNUAL GENERAL SERV SECONDARY	ANNUAL GENERAL SERV PRIMARY	TRANSMISSION GENERAL SERV SUB-TRANSMISSION	TRANSMISSION GENERAL SERV TRANSMISSION	STREET LIGHTING SERVICE	DIRECT DISTRIBUTION CONNECTION
Annualized Current Distribution Revenue	\$ 380,031,443	\$ 216,062,579	\$ 68,376,950	\$ 1,839,845	\$ 58,503,820	\$ 10,954,728	\$ 3,808,547	\$ 3,145,999	\$ 16,775,396	\$ 563,579
Revenue Change (\$)	\$ 43,000,000	\$ 30,996,137	\$ 3,855,708	\$ 55,348	\$ 6,334,092	\$ 863,841	\$ -	\$ -	\$ 671,873	\$ (0)
Proposed Revenue	\$ 423,031,443	\$ 247,058,716	\$ 72,232,659	\$ 1,895,193	\$ 64,837,912	\$ 11,838,569	\$ 3,808,547	\$ 3,145,999	\$ 17,647,269	\$ 563,579
Revenue Change based on Annualized Current Revenue (%)	11.3%	14.3%	5.6%	3.2%	10.8%	8.1%	0.0%	0.0%	5.2%	0.0%

Atlantic City Electric Company  
Development of Proposed Distribution Rate  
Rate Design Worksheet

Rate Schedule		RS
Distribution Functional Revenue Requirements Total (w/o SUT)	\$	247,058,716
Distribution Functional Revenue Requirements Total (w/ SUT)	\$	264,044,003

1	2	3	4	5	6	7	8	9	10
Blocks	Billing Determinants	Current Distribution Rates (including SUT)	Current Distribution Rates (w/o SUT)	Calculated Rate Class Revenue under Current Distribution Rates (w/o SUT)	Proposed Distribution Rates (w/o SUT)	Recovery under Proposed Distribution Rates (w/o SUT)	Proposed Rate (including SUT)	Recovery under Proposed Distribution Rates (including SUT)	Distribution Rate Change %
CUSTOMER	5,818,880	\$ 4.44	\$ 4.15	\$ 24,148,352	\$ 4.68	\$ 27,222,830	\$ 5.00	\$ 29,094,400	13%
SUM First 750 kWh	1,129,153,949	\$ 0.050245	\$ 0.047013	\$ 53,084,915	\$ 0.053853	\$ 60,808,326	\$ 0.057555	\$ 64,888,456	15%
SUM > 750 kWh	754,158,441	\$ 0.057764	\$ 0.054048	\$ 42,382,195	\$ 0.061911	\$ 48,548,033	\$ 0.066167	\$ 51,885,412	15%
WIN	2,223,359,616	\$ 0.046361	\$ 0.043379	\$ 96,447,117	\$ 0.049690	\$ 110,478,739	\$ 0.053108	\$ 118,073,736	15%
TOTAL ENERGY	4,136,672,006		\$	\$ 191,914,227	\$	\$ 219,835,100	\$	\$ 234,947,603	
TOTAL REVENUE			\$	\$ 216,062,579	\$	\$ 247,057,931	\$	\$ 264,042,003	
							\$	2,000	



Atlantic City Electric Company  
Development of Proposed Distribution Rate  
Rate Design Worksheet

Rate Schedule MGS SECONDARY  
Distribution Functional Revenue Requirements Total (w/o SUT) \$ 72,232,659  
Distribution Functional Revenue Requirements Total (w/ SUT) \$ 77,199,654

BLOCK	Billing Determinants	Current Distribution Rates	Current Distribution Rates (w/o SUT)	Calculated Rate Class Revenue under Current Distribution Rates (w/o SUT)	Proposed Distribution Rates (w/o SUT)	Recovery under Proposed Distribution Rates (w/o SUT)	Proposed Rate (including SUT)	Recovery under Proposed Distribution Rates (including SUT)	Distribution Rate Change %
CUSTOMER									
Single Phase Service	511,451	\$ 5.64	\$ 5.28	2,700,461	\$ 8.08	\$ 4,134,878	\$ 8.64	\$ 4,418,937	53.2%
3 Phase Service	167,914	\$ 7.05	\$ 6.50	1,108,232	\$ 9.40	\$ 1,578,981	\$ 10.05	\$ 1,687,536	42.6%
DEMAND CHARGE - All KWs									
Summer	2,413,771	\$ 1.90	\$ 1.78	4,296,513	\$ 2.01	\$ 4,851,680	\$ 2.15	\$ 5,189,608	13.2%
Winter	3,614,652	\$ 1.56	\$ 1.46	5,277,392	\$ 1.65	\$ 5,984,176	\$ 1.70	\$ 6,361,788	12.8%
REACTIVE DEMAND	63,515	\$ 0.46	\$ 0.43	27,311	\$ 0.47	\$ 29,621	\$ 0.50	\$ 31,757	8.7%
ENERGY CHARGE									
Summer	519,763,298	\$ 0.050434	\$ 0.047190	24,527,630	\$ 0.047797	\$ 24,843,110	\$ 0.051083	\$ 26,551,069	1.3%
Winter	714,087,570	\$ 0.045558	\$ 0.042627	30,439,411	\$ 0.043175	\$ 30,830,930	\$ 0.046144	\$ 32,950,857	1.3%
<b>TOTAL</b>	<b>1,233,850,867</b>			<b>\$ 68,376,950</b>		<b>\$ 72,233,176</b>		<b>\$ 77,191,551</b>	
						\$ (517)		\$ 7,103	

**Demand Charge Rate Design**

Demand Charge at Full Cost (w/o SUT) \$ 5.49  
Proposed Distribution Rate Increase 8.5%  
Demand Charge at 1.5 times proposed class increase %  
Summer \$ 2.01  
Winter \$ 1.65

**Volumetric Charge Rate Design**

Current Average Volumetric Rate (\$/kWh) \$ 0.044549  
Ratio of Summer Rate to Average 1.059283037  
Ratio of Winter Rate to Average 0.958856495  
Proposed Volumetric Distribution Revenue \$ 55,673,523 (=Proposed Total Distribution Revenue - (Customer Revenue + Demand Revenue))  
Proposed Average Volumetric Rate (\$/kWh) \$ 0.045122  
Proposed Winter Volumetric Rate (\$/kWh) \$ 0.047797 (=Proposed Average Rate x Summer to Average Ratio)  
Proposed Summer Volumetric Rate (\$/kWh) \$ 0.043175 (=Proposed Average Rate x Winter to Average Ratio)

Atlantic City Electric Company  
Development of Proposed Distribution Rate  
Rate Design Worksheet

Rate Schedule MGS PRIMARY  
Distribution Functional Revenue Requirements Total (w/o SUT) \$ 1,898,193  
Distribution Functional Revenue Requirements Total (w/ SUT) \$ 2,028,694

BLOCK	Billing Determinants	Current Distribution Rates	Current Distribution Rates (w/o SUT)	Calculated Rate Class Revenue under Current Distribution Rates (w/o SUT)	Proposed Distribution Rates (w/o SUT)	Recovery under Proposed Distribution Rates (w/o SUT)	Proposed Rate (including SUT)	Recovery under Proposed Distribution Rates (including SUT)	Distribution Rate Change %
CUSTOMER									
Single Phase Service	665 \$	5.32 \$	4.98 \$	3,312 \$	14.33 \$	9,532 \$	15.32 \$	10,188	188.0%
3 Phase Service	643 \$	6.04 \$	6.21 \$	3,993 \$	15.57 \$	10,011 \$	16.64 \$	10,700	150.6%
DEMAND CHARGE									
SUM > 3 KW	68,919 \$	1.53 \$	1.43 \$	99,554 \$	1.53 \$	105,445 \$	1.64 \$	113,026	7.2%
WIN > 3 KW	124,552 \$	1.19 \$	1.11 \$	138,253 \$	1.19 \$	148,217 \$	1.27 \$	158,181	6.7%
REACTIVE DEMAND	43,736 \$	0.43 \$	0.40 \$	17,495 \$	0.42 \$	18,369 \$	0.45 \$	19,681	4.7%
ENERGY CHARGE									
SUM < 300KWh	16,299,110 \$	0.043258 \$	0.042347 \$	690,218 \$	0.043108 \$	702,830 \$	0.046072 \$	750,933	1.8%
WIN < 300 KWh	21,591,642 \$	0.043956 \$	0.041128 \$	888,021 \$	0.041868 \$	903,890 \$	0.044746 \$	966,140	1.8%
<b>TOTAL</b>	<b>37,890,753</b>			<b>1,838,846</b>		<b>1,898,195</b>		<b>2,028,648</b>	
					\$	(2)	\$	(154)	

Demand Charge Rate Design

Demand Charge at Full Cost (w/o SUT) \$ 3.66  
Proposed Distribution Rate Increase 4.8%  
Demand Charge at 1.5 times proposed class increase %  
Summer \$ 1.53  
Winter \$ 1.19

Volumetric Charge Rate Design

Current Average Volumetric Rate (\$/KWh) \$ 0.041652  
Ratio of Summer Rate to Average 1.016685873  
Ratio of Winter Rate to Average 0.987419572

Proposed Volumetric Distribution Revenue \$ 1,606,618 (=Proposed Total Distribution Revenue - (Customer Revenue +Demand Revenue))  
Proposed Average Volumetric Rate (\$/KWh) \$ 0.042401  
Proposed Winter Volumetric Rate (\$/KWh) \$ 0.043108 (=Proposed Average Rate x Summer to Average Ratio)  
Proposed Summer Volumetric Rate (\$/KWh) \$ 0.041868 (=Proposed Average Rate x Winter to Average Ratio)

Atlantic City Electric Company  
Development of Proposed Distribution Rate  
Rate Design Worksheet

Rate Schedule  
Distribution Functional Revenue Requirements Total (w/o SUT) \$ 64,837,912  
Distribution Functional Revenue Requirements Total (w/ SUT) \$ 69,295,518

1	2	3	4	5	6	7	8	9	10
BLOCK	Billing Determinants	Current Distribution Rates	Current Distribution Rates (w/o SUT)	Calculated Rate Class Revenue under Current Distribution Rates (w/o SUT)	Preliminary Distribution Rate (w/o SUT)	Recovery under Preliminary Distribution Rates (w/o SUT)	Proposed Rate (including SUT)	Recovery under Proposed Distribution Rates (including SUT)	Distribution Rate Change %
CUSTOMER	43,069	\$ 151.25	\$ 141.52	\$ 6,097,955	\$ 156.84	\$ 6,758,079	\$ 167.62	\$ 7,222,578	10.8%
DEMAND CHARGE	6,315,199	\$ 8.82	\$ 8.25	\$ 52,100,388	\$ 9.14	\$ 57,720,914	\$ 9.77	\$ 61,699,489	10.8%
REACTIVE DEMAND	484,864	\$ 0.67	\$ 0.63	\$ 305,477	\$ 0.70	\$ 339,419	\$ 0.75	\$ 363,663	11.9%
<b>TOTAL REVENUE</b>				<u>\$ 58,503,820</u>		<u>\$ 64,818,412</u>		<u>\$ 69,285,730</u>	
					\$	(19,500)	\$	(9,788)	

Customer Charge Rate Design

Cost Charge at Full Cost (w/o SUT)	\$ 159.23
Proposed Distribution Rate Increase	10.8%
Customer Charge at Proposed Increase %	\$ 156.84
Proposed Customer Charge (Minimum of Full Cost Charge or Charge at % increase)	\$ 156.84
Proposed Customer Charge Revenue	\$ 6,758,079
Proposed Demand Related Revenue	\$ 58,079,833
Demand Related Revenue Increase (\$)	\$ 5,673,969
Demand Related Revenue Increase (%)	10.8%

Atlantic City Electric Company  
Development of Proposed Distribution Rate  
Rate Design Worksheet

Rate Schedule  
Distribution Functional Revenue Requirements Total (w/o SUT) \$ 11,839,569  
Distribution Functional Revenue Requirements Total (w/ SUT) \$ 12,652,471

1	2	3	4	5	6	7	8	9	10
BLOCK	Billing Determinants	Current Distribution Rates	Current Distribution Rates (w/o SUT)	Calculated Rate Class Revenue under Current Distribution Rates (w/o SUT) (See Note 1)	Preliminary Distribution Rate (w/o SUT)	Recovery under Preliminary Distribution Rates (w/o SUT)	Proposed Rate (including SUT)	Recovery under Proposed Distribution Rates (including SUT)	Distribution Rate Change %
CUSTOMER	1,495 \$	560.25 \$	524.21 \$	783,694 \$	566.50 \$	846,918 \$	605.45 \$	905,148 \$	8.1%
DEMAND CHARGE	1,479,282 \$	7.24 \$	6.77 \$	10,014,742 \$	- 7.32 \$	10,628,347 \$	7.82 \$	11,567,988 \$	8.0%
REACTIVE DEMAND	312,586 \$	0.53 \$	0.50 \$	158,293 \$	0.54 \$	168,796 \$	0.58 \$	181,299.72 \$	9.4%
<b>TOTAL REVENUE</b>				<b>\$ 10,954,729</b>	<b>\$ 11,844,061</b>	<b>\$ 11,844,061</b>	<b>\$ 12,654,436</b>		
					\$ 5,491		\$ 1,965		

Customer Charge Rate Design

Cust Charge at Full Cost (w/o SUT)	\$ 600.95
Proposed Distribution Rate Increase	8.1%
Customer Charge at Proposed Increase %	\$ 566.50
Proposed Customer Charge (Minimum of Full Cost Charge or Charge at % increase)	\$ 566.50
Proposed Customer Charge Revenue	\$ 846,918
Proposed Demand Related Revenue	\$ 10,991,652
Demand Related Revenue Increase (\$)	\$ 820,617
Demand Related Revenue Increase (%)	8.1%

Atlantic City Electric Company  
Development of Proposed Distribution Rate  
Rate Design Worksheet

Rate Schedule TGS SUB TRANSMISSION  
Distribution Functional Revenue Requirements Total (w/o SUT) \$ 3,808,547  
Distribution Functional Revenue Requirements Total (w/ SUT) \$ 4,070,385

1	2	3	4	5	6	7	8	9	10
BLOCK	Billing Determinants	Current Distribution Rates	Current Distribution Rates (w/o SUT)	Calculated Rate Class Revenue under Current Distribution Rates (w/o SUT) (See Note 1)	Preliminary Distribution Rate (w/o SUT)	Recovery under Preliminary Distribution Rates (w/o SUT)	Proposed Rate (including SUT)	Recovery under Proposed Distribution Rates (including SUT)	Distribution Rate Change %
CUSTOMER									
<5000 KW	324	\$ 137.29	\$ 128.46	\$ 41,621	\$ 128.46	\$ 41,621	\$ 137.29	\$ 44,482	0.0%
5000 - 9000 KW	72	\$ 4,546.92	\$ 4,254.43	\$ 306,319	\$ 4,254.43	\$ 306,318	\$ 4,546.92	\$ 327,378	0.0%
>9000 KW	72	\$ 8,253.86	\$ 7,722.91	\$ 556,050	\$ 7,722.91	\$ 556,050	\$ 8,253.86	\$ 594,278	0.0%
DEMAND CHARGE									
<5000 KW	344,678	\$ 3.94	\$ 3.69	\$ 1,271,862	\$ 3.89	\$ 1,271,862	\$ 3.94	\$ 1,358,031	0.0%
5000 - 9000 KW	292,360	\$ 3.03	\$ 2.84	\$ 830,302	\$ 2.84	\$ 830,302	\$ 3.03	\$ 885,851	0.0%
>9000 KW	471,166	\$ 1.52	\$ 1.42	\$ 669,056	\$ 1.42	\$ 669,056	\$ 1.52	\$ 716,172	0.0%
REACTIVE DEMAND									
<5000 KW	106,308	\$ 0.54	\$ 0.51	\$ 54,217	\$ 0.51	\$ 54,217	\$ 0.54	\$ 57,406.32	0.0%
5000 - 9000 KW	56,953	\$ 0.54	\$ 0.51	\$ 29,046	\$ 0.51	\$ 29,046	\$ 0.54	\$ 30,754.62	0.0%
>9000 KW	98,168	\$ 0.54	\$ 0.51	\$ 50,075	\$ 0.51	\$ 50,075	\$ 0.54	\$ 53,020.44	0.0%
TOTAL REVENUE				\$ 3,808,547	\$ 3,808,547	\$ 3,808,547	\$ 4,067,274		

Atlantic City Electric Company  
Development of Proposed Distribution Rate  
Rate Design Worksheet

Rate Schedule	TGS TRANSMISSION	
Distribution Functional Revenue Requirements Total (w/o SUT)	\$	3,145,998
Proposed Customer Charge Recovery	\$	3,145,998
Proposed Demand/Energy Charge Recovery	\$	-
Distribution Functional Revenue Requirements Total (w/ SUT)	\$	3,362,286

BLOCK	1	2	3	4	5	6	7	8	9	10
	Billing	Current	Current	Calculated Rate Class	Preliminary	Recovery under	Proposed Rate	Recovery under	Distribution	
	Determinants	Distribution	Distribution	Revenue under	Distribution	Preliminary	(including SUT)	Proposed Distribution	Rate Change	%
		Rates	Rates	Current Distribution	Rate	Distribution Rates		Rates		
			(w/o SUT)	Rates	(w/o SUT)	(w/o SUT)		(including SUT)		
				(w/o SUT)	(w/o SUT)	(w/o SUT)				
				(See Note 1)						
CUSTOMER										
<5000 KW	60	\$ 133.60	\$ 125.01	\$ 7,501	\$ 125.01	\$ 7,501	\$ 133.60	\$ 8,016	0.0%	
5000 - 9000 KW	60	\$ 4,424.86	\$ 4,140.22	\$ 248,413	\$ 4,140.22	\$ 248,413	\$ 4,424.86	\$ 265,482	0.0%	
>9000 KW	84	\$ 20,080.75	\$ 18,789.01	\$ 1,578,277	\$ 18,789.01	\$ 1,578,277	\$ 20,080.75	\$ 1,696,783	0.0%	
DEMAND CHARGE										
<5000 KW	86,519	\$ 3.07	\$ 2.87	\$ 248,310	\$ 2.87	\$ 248,310	\$ 3.07	\$ 265,613	0.0%	
5000 - 9000 KW	352,209	\$ 2.36	\$ 2.21	\$ 778,382	\$ 2.21	\$ 778,382	\$ 2.36	\$ 831,213	0.0%	
>9000 KW	846,213	\$ 0.15	\$ 0.14	\$ 118,470	\$ 0.14	\$ 118,470	\$ 0.15	\$ 126,932	0.0%	
REACTIVE DEMAND										
<5000 KW	57,893	\$ 0.52	\$ 0.49	\$ 28,417	\$ 0.49	\$ 28,417	\$ 0.52	\$ 30,156	0.0%	
5000 - 9000 KW	97,594	\$ 0.52	\$ 0.49	\$ 47,821	\$ 0.49	\$ 47,821	\$ 0.52	\$ 50,748	0.0%	
>9000 KW	184,508	\$ 0.52	\$ 0.49	\$ 90,409	\$ 0.49	\$ 90,409	\$ 0.52	\$ 95,944	0.0%	
TOTAL REVENUE				\$ 3,145,998	\$ 3,145,998		\$ 3,360,899			

Atlantic City Electric Company  
Development of Proposed Distribution Rate  
Rate Design Worksheet

Table with 4 columns: Rate Schedule, SPL, w6 SUT, w6 SUT. Shows values for SPL (\$15,719,374), CSL (\$2,367,695), and DDC (\$563,570).

Rate Schedule SPL (Street and Private Lighting)

Main table with columns: Lamp Code, Wets Type, Style, Current Rate (Avr SUT), Current Rate (w6 SUT), Current Annualized Revenue, Processed Rate (w6 SUT), Processed Annualized Revenue, Processed Rate (w6 SUT), Processed Annualized Revenue. Lists various lamp types like Standard, FloodProfile, etc.

Rate Schedule CSL (Contributed Street Lighting)

Table with 5 columns: Lamp Code, Wets Type, Style, Current Rate (Avr SUT), Current Rate (w6 SUT). Lists lamp types like 100 HPS UG, 50 HPS UG, etc.

DDC

Summary table with columns: Current Rate (Avr SUT), Current Rate (w6 SUT), Current Annualized Revenue, Processed Rate (w6 SUT), Processed Annualized Revenue. Shows totals for DDC and Summary and Demand.

Atlantic City Electric Company  
LED Street Lighting Rate Design

SPL

	Cobra Head					Decorative 150 W	Post Top		Shoe Box			Tear Drop		Floodlighting			
	Equivalent Light Size (Watts)						Equivalent Light Size (Watts)		Equivalent Light Size (Watts)			100 W	150 W	150 W	250 W	400 W	1000 W
	50 W	70 W	100 W	150 W	250 W		70 W	100 W	100 W	150 W	250 W						
Distribution System Fixed Charge	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.63	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83
Monthly Light Fixture Fixed Charge	\$ 5.77	\$ 6.09	\$ 6.35	\$ 6.93	\$ 8.40	\$ 18.39	\$ 8.68	\$ 9.26	\$ 7.32	\$ 8.29	\$ 8.81	\$ 16.71	\$ 16.71	\$ 11.50	\$ 12.09	\$ 14.36	\$ 15.06
Monthly O&M Charge - Non-Luminaire Overhead/Underground	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25
Total Charge - Overhead	\$ 8.85	\$ 9.17	\$ 9.43	\$ 10.01	\$ 11.48	\$ 21.47	\$ 11.76	\$ 12.34	\$ 10.40	\$ 11.37	\$ 11.89	\$ 19.79	\$ 19.79	\$ 14.58	\$ 15.17	\$ 17.44	\$ 18.14
Regulatory Assessment	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.06	\$ 0.03	\$ 0.04	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.06	\$ 0.06	\$ 0.04	\$ 0.04	\$ 0.05	\$ 0.05
Total Rate without SUT	\$ 8.88	\$ 9.20	\$ 9.45	\$ 10.03	\$ 11.52	\$ 21.53	\$ 11.79	\$ 12.37	\$ 10.43	\$ 11.40	\$ 11.92	\$ 19.85	\$ 19.85	\$ 14.62	\$ 15.22	\$ 17.49	\$ 18.19
Total Rate with SUT (6.875%)	\$ 9.49	\$ 9.83	\$ 10.10	\$ 10.72	\$ 12.31	\$ 23.01	\$ 12.61	\$ 13.22	\$ 11.14	\$ 12.18	\$ 12.74	\$ 21.21	\$ 21.21	\$ 15.62	\$ 16.26	\$ 18.69	\$ 19.44

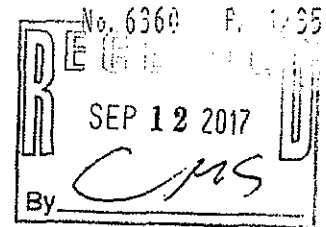




Atlantic City Electric Company  
Development of Proposed Distribution Rate  
Rate Design Worksheet  
Stand By Rate

Rate Schedule	Demand Rates (\$/KW) Distribution	Standby Rates (\$/KW) Distribution	Distribution Standby Factor
MGS Secondary	\$ 1.92	\$ 0.12	0.060975610
MGS Primary	\$ 1.40	\$ 0.14	0.11604278
AGS Secondary	\$ 9.77	\$ 0.99	0.11604278
AGS Primary	\$ 7.82	\$ 0.79	0.11604278
TGS - Sub Transmission	\$ -	\$ -	0.11604278
TGS Transmission	\$ -	\$ -	-

09/13/2017 03:29  
Sep. 12. 2017 3:13PM



SEP 12 2017



**State of New Jersey**  
OFFICE OF ADMINISTRATIVE LAW

**INITIAL DECISION**

**SETTLEMENT**

OAL DKT. NO. PUC 04989-17  
AGENCY DKT. NO. ER17030308

**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 (2017).**

---

**Phillip L. Passanante**, Associate General Counsel, for petitioner Atlantic City Electric  
Company (Wendy Stark, General Counsel)

**Colleen A. Foley, Esq.**, for petitioner Atlantic City Electric Company (Saul Ewing,  
attorneys)

**Alex Moreau, Geoffrey Gersten, and Veronica Beke**, Deputies Attorney General, for  
respondent, Board of Public Utilities (Christopher S. Pomino, Attorney General  
of New Jersey, attorneys)

**Ami Morita and Lisa Gurkas**, Assistant Deputies Rate Counsel, for Division of Rate  
Counsel (Stefanie A. Brand, Director)

**Bradford M. Stern, Esq.**, for Intervenor Unimin Corporation (Rothfelder Stern,  
- attorneys)

**Donald R. Wagner, Esq.**, for Intervenor Wal-Mart Stores East, LP, and Sam's East,  
Inc. (Stevens & Lee, attorneys)

**Joseph F. Accardo, Jr.**, Deputy General Counsel, for Participant PSE&G (Tamara L.  
Linde, Executive Vice-President and General Counsel)

**Lauren M. Lepkoski, Esq.**, for Participant JCP&L (FirstEnergy) (Leila L. Vespoli,  
Executive Vice-President and General Counsel)

**Steven S. Goldenberg, Esq.**, for Participant Builder's League of South Jersey (Fox  
Rothschild, attorneys)

Record Closed: September 11, 2017

Decided: September 12, 2017

**BEFORE JACOB S. GERTSMAN, ALJ:**

This proceeding involves a petition by the Atlantic City Electric Company (Company) to increase its rates and charges for electric service, and other relief, with the Board of Public Utilities. The petition was transmitted to the Office of Administrative Law on April 12, 2017, for determination as a contested case, and assigned to the Honorable Ella A. Pellos, ALJ, who conducted the initial case management conference. The matter was reassigned to the undersigned. Duly-noticed public hearings were held in Mays Landing, New Jersey, on June 28, 2017. Several members of the public appeared at the hearings, and spoke in favor of the Company's proposed increase. No members of the public spoke in opposition to the Company's proposed increase. All comments were transcribed and made a part of the record.

A motion to intervene was filed on behalf of Unimin Corporation on May 12, 2017, and Wal-Mart Stores East, LP, Sam's East, Inc., (collectively Wal-Mart) on June 8, 2017. Both Unimin Corporation and Wal-Mart were granted intervenor status.

A motion to intervene was filed on behalf of Builder's League of South Jersey (BLS) on June 16, 2017. Petitioner filed a response in opposition to the motion to intervene while supporting participant status. BLS was denied intervenor status and granted participant status.

A motion to participate was filed on behalf of Public Service Electric and Gas Company (PSE&G) on May 8, 2017, and on behalf of Jersey Central Power and Light Company/First Energy (JCP&L) on May 9, 2017. Both PSE&G and JCP&L were granted participant status.

The parties filed on September 11, 2017, a Stipulation of Settlement (J-1) which resolves all issues in this proceeding. Said Stipulation of Settlement has been signed by petitioner, respondent Board of Public Utilities, Division of Rate Counsel and Wal-Mart Stores East, LP, Sam's East, Inc. It indicates the terms of settlement, and is attached and fully incorporated herein.

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

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

I 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.

September 12, 2017

DATE

  
\_\_\_\_\_  
JACOB S. GERTSMAN, ALJ

Date Received at Agency:

9/12/17

Date Mailed to Parties:

\_\_\_\_\_

/nd

**APPENDIX**

**EXHIBITS**

**Jointly Submitted:**

J-1 Stipulation of Settlement

**Letters Expressing Lack of Objection to J-1:**

- I-1 Submitted by Intervenor Unimin Corporation
- I-2 Submitted by Participant PSF&G
- I-3 Submitted by Participant Builder's League of South Jersey
- I-4 Submitted by Participant JCP&L

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

RECEIVED

2017 SEP 11 A 10:25

<p>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 <u>N.J.S.A. 48:2-21</u> AND <u>N.J.S.A. 48:2-21.1</u> AND FOR OTHER APPROPRIATE RELIEF (2017)</p>	<p>STATE OF NEW JERSEY OFFICE OF ADMIN LAW BPU DOCKET NO. ER17030308 OAL DOCKET NO. PUC 04989-2017 STIPULATION OF SETTLEMENT</p>
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APPEARANCES:

Wendy E. Stark, Esq., Vice President & General Counsel, Clark M. Stalker, Esq., Associate General Counsel, Philip J. Passanante, Esq., Assistant General Counsel, and Colleen A. Foley, Esq. (Saul Ewing LLP), on behalf of Atlantic City Electric Company, Petitioner

Alex Moreau and Veronica Beke, Deputy Attorneys General (Christopher S. Porrino, Attorney General of New Jersey), on behalf of the Staff of the Board of Public Utilities

Stefanie A. Brand, Esq., Director, Brian O. Lipman, Deputy Rate Counsel, Ami Morita, Esq., Deputy Rate Counsel, Diane Schulze, Esq., Assistant Deputy Rate Counsel, James W. Glassen, Esq., Assistant Deputy Rate Counsel, Kurt Lewandowski, Esq., Assistant Deputy Rate Counsel, Maura Caroselli, Assistant Deputy Rate Counsel and Brian Weeks, Esq., Deputy Rate Counsel, on behalf of the Division of Rate Counsel

Bradford M. Stern, Esq. and Martin C. Rothfelder, Esq., Rothfelder Stern, L.L.C., on behalf of Intervenor, Unimin Corporation

Donald R. Wagner, Esq., Stevens & Lee, on behalf of the Wal-Mart Stores East, LP and Sam's East, Inc.

Joseph F. Accardo, Jr., Esq., on behalf of Participant, Public Service Electric and Gas Company

Lauren M. Lepkoski, Esq., on behalf of Participant, Jersey Central Power & Light Company



Steven S. Goldenberg, Esq., Fox Rothschild, LLP, on behalf of Participant, the Builders League of South Jersey, Inc.

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

The parties to this proceeding are as follows: Atlantic City Electric Company (the "Company," "Petitioner" or "ACE"), the Division of Rate Counsel ("Rate Counsel"), the Staff of the New Jersey Board of Public Utilities ("Board Staff" or "Staff"), Intervenor, Unimin Corporation ("Unimin"), Intervenors, Wal-Mart Stores East, LP and Sam's East, Inc. (together, "Wal-Mart"), Participant, Public Service Electric and Gas Company ("PSE&G"), Participant, Jersey Central Power & Light Company ("JCP&L"), and Participant, the Builders League of South Jersey, Inc. ("BLSJ"). The New Jersey Board of Public Utilities shall be referred to in this Stipulation of Settlement (the "Stipulation") as the "Board" or the "BPU." As used in this Stipulation, the term "Signatory Parties" refers to the Petitioner, Board Staff, Rate Counsel, and Wal-Mart.

**PROCEDURAL HISTORY**

Petitioner is a corporation organized and existing under the laws of the State of New Jersey, subject to the jurisdiction of the New Jersey Board of Public Utilities (the "Board"), with a regional office located at 5100 Harding Highway, Mays Landing, New Jersey 08330. On March 30, 2017, the Company filed a Verified Petition with the Board pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1 seeking a net annual increase in the Company's base rates for electric distribution service of approximately \$70.2 million, excluding New Jersey Sales and Use Tax ("SUT"), and to make other tariff changes.<sup>1</sup> The Company filed its Petition based on a test year ending July 31, 2017, consisting of five months of actual results and seven months of forecasted

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<sup>1</sup> Specifically, the Company sought an increase in distribution rates of \$70,160,580 (\$74,808,719, including SUT).

data, adjusted for certain known and measurable changes. On August 29, 2017, the Petitioner filed revised schedules reflecting the Company's actual results for the 12-month test year period, adjusted for known and measurable changes.

On April 5, 2017, the Board transmitted the matter to the Office of Administrative Law as a contested case, and Administrative Law Judge ("ALJ") Elia A. Pelios was assigned to hear the case. A telephone Pre-Hearing Conference was convened by ALJ Pelios on May 23, 2017, and a Pre-Hearing Order was issued on June 19, 2017. On June 26, 2017, the parties were notified that the case had been reassigned to ALJ Jacob S. Gertsman.

On May 8, 2017, PSE&G filed a Motion to Participate. On May 9, 2017, JCP&L filed a Motion to Participate. On May 12, 2017, Unimin filed a Motion to Intervene. By letter dated May 16, 2017, the Company indicated that it did not oppose the granting of these three Motions.

On June 8, 2017, Wal-Mart filed a Motion to Intervene. On June 16, 2017, BLSJ filed a Motion to Intervene. On June 26, 2017, the Company filed a letter indicating it did not object to the granting of Wal-Mart's Motion. At that time, the Company also indicated that it opposed the granting of BLSJ's Motion to Intervene, but would not object to granting BLSJ participant status. BLSJ replied to the Company's opposition on July 19, 2017.

On July 24, 2017, ALJ Gertsman issued a series of orders granting the Motions to Participate of PSE&G and JCP&L, and the Motions to Intervene of Unimin and Wal-Mart. Also on July 24, 2017, ALJ Gertsman issued an order denying BLSJ's Motion to Intervene, but granting BLSJ participant status.

By way of an Order effective April 30, 2017, the Board suspended until August 30, 2017, the implementation of the changes the Company sought to make to its base rates. The

Board further suspended the implementation of rates until December 30, 2017, in an Order effective August 30, 2017.

After proper notice, two public hearings were held in Mays Landing, New Jersey at 3:30 P.M. and 5:30 P.M. on June 28, 2017, with ALJ Gertsman presiding. Several members of the public appeared at the hearings, and spoke in favor of the Company's proposed increase. No members of the public spoke in opposition to the Company's proposed increase. All comments were transcribed and made a part of the record.

Discovery was conducted, and Direct Testimony was filed by Rate Counsel and Wal-Mart on August 1, 2017.<sup>2</sup> Thereafter, multiple settlement discussions were held. The Company, Board Staff, Rate Counsel, and Wal-Mart (collectively, the "Signatory Parties" and each a "Signatory Party") have come to an agreement on the matters set forth in this Stipulation. Unimin, PSE&G, JCP&L, and BLSJ while not Signatory Parties, have indicated that they do not object to, or will take no position on, the terms of this Stipulation. Therefore, the Signatory Parties hereto agree and stipulate as follows:

1. For the purposes of this proceeding only, the Signatory Parties agree that the Company's rate base is deemed to be \$1,316,150,936 with a test year ending on July 31, 2017. The Signatory Parties further agree that this rate base amount does not reflect any particular ratemaking adjustment proposed by any Signatory Party for incorporation into the overall revenue requirement calculation.

2. The Signatory Parties agree that, for the purposes of resolving this proceeding, the Company shall have an overall rate of return of 7.60 percent, which is based on a capital

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<sup>2</sup> Rate Counsel filed Direct Testimony by Andrea Crane, Matthew Kahal, David Peterson, Susan Baldwin, and Max Chang and Charles Salamone. Wal-Mart filed the Direct Testimony of Steve Chriss.

structure consisting of 50.47 percent equity with a cost rate of 9.60 percent, and 49.53 percent long-term debt with a cost rate of 5.56 percent.

3. The Signatory Parties stipulate that a revenue increase for the Company of \$43 million (exclusive of SUT, or \$45,848,750 inclusive of SUT) is an appropriate resolution of this matter, and is just and reasonable.

4. The Signatory Parties acknowledge that the stipulated revenue increase reflects consideration of a consolidated income tax adjustment.

5. The Signatory Parties agree and recommend that the Board should authorize the Company to implement new rates, based upon an increase in distribution base rate revenues of \$43 million (exclusive of SUT). The Signatory Parties agree that this increase in base rate revenues should be implemented as indicated on the attached proof of revenues and rate design schedules (included as Exhibit A) implementing the terms of this Stipulation. Tariff pages implementing these rates will be submitted upon Board approval of this Stipulation. The tariff pages will reflect a change in the monthly customer charge for Rate Schedule RS (residential service) from \$4.44 to \$5.00 (including SUT). Based on the rate design in Exhibit A, the overall annual average monthly impact of this rate change on the total bill for a typical residential customer using 716 kWh per month is \$5.52 or 4.03 percent (inclusive of SUT or \$5.17 or 3.85 percent exclusive of SUT). This agreement on rate design is for settlement purposes only, and does not indicate Board Staff's or Rate Counsel's agreement to the Company's functionalization, classification, and allocation of costs or to the Company's cost of service methodology presented in its Petition and testimonies filed in this matter.

6. The Signatory Parties acknowledge that the Board has resolved the Company's requests regarding its economic development pilot program, including Rider SCD and Rider RP,

in a separately docketed proceeding, and that no further action on the Company's request is required in this base rate case.<sup>3</sup>

7. The Company will continue to comply with the requirement ordered by the Board in BPU Docket No. ER03020110 to file the Company's base rate requests including an alternative distribution rate design based on a Cost of Service Study using a Peak and Average Coincident Peak Method.

8. The Company hereby agrees to withdraw its request to implement a System Renewal Recovery Charge (the "SRRC"). At the time the Company initiated this base rate proceeding, it did not have the benefit of considering either the infrastructure investment straw proposal prepared by the Staff of the Board, or the resulting draft regulations, approved for publication by the Board in the New Jersey Register and currently subject to comment.<sup>4</sup> In light of those important policy initiatives undertaken by the Board, the Company has concluded it would be appropriate to reconsider its SRRC proposal, and to make a future infrastructure investment filing following the Board's action on the draft regulations.

9. The Signatory Parties agree and recommend that the Board approve the Company's tariff for electric service which has been revised and corrected to reflect the comments of Board Staff regarding a number of administrative corrections, and to include language proposed by Board Staff regarding the Company's tariff provisions addressing Net Energy Metering. The Signatory Parties further acknowledge that the Company will be required to file a complete conformed tariff upon the Board's final resolution of this proceeding.

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<sup>3</sup> See *I/M/O the Application of Atlantic City Electric Company to Amend its Pilot Redevelopment Program Service Tariff Rider RP and Its Pilot Small Commercial Development Tariff Rider SCD to Revise and Expand the Eligibility Criteria for Customer Participation Therein*, BPU Docket No. ER17010007, Order Amending Riders (dated May 31, 2017).

<sup>4</sup> The proposed infrastructure investment and recovery rules are pending at the Board as BPU Docket No. AX17050469, Proposal No. PRN 2017-164.

10. The Signatory Parties acknowledge that the Company is responsible for determining the prudent level of system investment that is needed to meet its service obligations to customers, to satisfy reliability and minimum spending commitments agreed to in the Exelon Merger which include the commitment to continue the programs identified and the reporting requirements in the Reliability Improvement Plan ("RIP") through 2021, and to operate its system in a safe and reliable manner consistent with sound engineering practice. The Signatory Parties also acknowledge Rate Counsel has recommended that accelerated reliability spending under the existing RIP should be phased out, such that the ongoing reliability capital and O&M spend at the Company in the future is at the level necessary to meet the reliability commitments under the merger agreement and to meet its service obligations to customers. The Petitioner agrees to prepare a proposal for phasing out the accelerated reliability spending in the RIP, consistent with its obligation to provide safe, adequate and proper service and to meet its Exelon Merger commitments, and to present that plan in the Company's next base rate case. Nothing in this paragraph shall preclude the Company from filing a proposal for an infrastructure investment tracker mechanism, as referenced in Paragraph 8 above.

11. The Signatory Parties agree there are numerous reasons, including the economic challenges faced by southern New Jersey, why the Petitioner continues to experience customer complaint levels in excess of 1,500 complaints annually. To understand and address the many factors contributing to this problem, ACE will continue to meet quarterly with representatives from Board Staff and Rate Counsel in connection with the Company's Customer Service Improvement Plan, and will include in those meetings discussion of this issue, exploration of

options for addressing this concern, and reporting on the results of the Company's efforts.<sup>5</sup> The Signatory Parties also acknowledge that the Board has commenced a management audit of the Company, the scope of which also includes customer service matters.

12. The Signatory Parties acknowledge that the rate design proposed in this Stipulation will result in no increase to Rate Schedule TGS-Transmission General Service.

13. The Signatory Parties agree and recommend that the Petitioner should be authorized to create a regulatory asset which includes the following costs to achieve synergy savings incurred in the Exelon Merger: (1) costs to achieve in the amount of \$3,315,770 incurred in the period beginning March 23, 2016 through July 31, 2016; (2) costs to achieve in the amount of \$4,929,176 during the August 1, 2016 through July 31, 2017 test year period in this proceeding; and (3) costs to achieve incurred on or after August 1, 2017. For the purposes of this Stipulation, the Parties agree that the regulatory asset created in this Paragraph will not be included in rate base at this time. Any future rate treatment for the regulatory asset will be determined in the next base rate case filed by the Company. The Company agrees that, among other things, it will not recover merger transaction costs, or any imprudently incurred costs. The Company further agrees that it will not seek to recover costs to achieve, including the amount deemed a regulatory asset herein until it has demonstrated that the synergy savings exceed the costs to achieve. The Company will make this showing in its next filed base rate case, and acknowledges that it bears the burden of proof. The Signatory Parties expressly acknowledge that the terms of this Stipulation of Settlement are non-precedential, and expressly reserve their

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<sup>5</sup> The Signatory Parties acknowledge that the quarterly meetings may take place in-person or via telephone conference, and may be scheduled to coincide with other meetings between the Company, Board Staff and Rate Counsel.

right to support or oppose any request by the Company in the future to recover its claimed costs to achieve.

14. The Signatory Parties agree that the Company should be permitted to create a regulatory asset in the amount of \$5,577,392 to reflect costs related to three Major Storm Events (the June, 2016 Storm [\$1,708,455], the January, 2017 Storm [\$1,727,933], and the March, 2017 Winter Storm Stella [\$2,141,004]), which will be recovered in base rates via a three year amortization with no rate base treatment of the unamortized balance.

15. Each Signatory Party agrees to use its best efforts to ensure that this Stipulation shall be presented to the Board for approval at the Board's September 22, 2017 public agenda meeting. Each Signatory Party also understands that a Board order adopting this Stipulation will become effective upon the service of said Board order or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

16. This Stipulation shall be binding on the Signatory Parties upon the effective date of a Board Order approving this Stipulation. This Stipulation shall bind the Signatory Parties in this matter only and shall have no precedential value. This Stipulation contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation. Each term is vital to the agreement as a whole, since the Signatory Parties expressly and jointly state that they would not have signed the Stipulation had any term been modified in any way. Since the Signatory Parties have compromised in numerous areas, each is entitled to certain procedures in the event that any modifications whatsoever are made to the Stipulation. If, upon consideration of this Stipulation, the Board were to modify any of the terms described above, each Signatory Party must be given the right to be placed in the position it was in before this Stipulation was entered into. It is essential that each Signatory Party be afforded the option,



prior to the implementation of any new rate resulting from any modification of this Stipulation, either to modify its own position to accept the proposed change(s) or to resume the proceeding as if no agreement had been reached. This proceeding, under such circumstances, would resume at the point where it was terminated. The Signatory Parties agree that these procedures are fair to all concerned, and therefore, they are made an integral and essential element of this Stipulation. None of the Signatory Parties shall be prohibited from or prejudiced in arguing a different policy or position before the Board in any other proceeding, as such agreements pertain only to this matter and to no other matter.

17. This Stipulation represents the full scope of the agreement between the parties. This Stipulation may only be modified by a further written agreement executed by all the parties to this Stipulation.

18. This Stipulation may be executed in as many counterparts as there are Signatory Parties of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

ATLANTIC CITY ELECTRIC COMPANY

September 8, 2017  
Date

By: Colleen A. Foley  
Colleen A. Foley, Esq.  
Saul Ewing LLP  
Attorney for Petitioner

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the Board of Public Utilities

September 8, 2017  
Date

By: Alex Moreau  
Alex Moreau  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR - DIVISION OF RATE COUNSEL

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Stefanie A. Brand, Esq.  
Director, Division of Rate Counsel

WAL-MART STORES EAST, LP/SAM'S EAST, INC.

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Donald R. Wagner, Esq.  
Stevens & Lee  
Attorney for Intervenors, Wal-Mart Stores East, LP  
and Sam's East, Inc.

18. This Stipulation may be executed in as many counterparts as there are Signatory Parties of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

ATLANTIC CITY ELECTRIC COMPANY

September, 2017  
Date

By: Colleen A. Foley  
Colleen A. Foley, Esq.  
Saul Ewing LLP  
Attorney for Petitioner

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the Board of Public Utilities

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Alex Moreau  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR - DIVISION OF RATE COUNSEL

\_\_\_\_\_  
Date

By: Stefanie A. Brand  
~~Stefanie A. Brand, Esq.~~ AMI MORITA, ESQ.  
Director, Division of Rate Counsel

WAL-MART STORES EAST, LP/SAM'S EAST, INC.

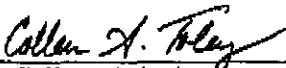
\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Donald R. Wagner, Esq.  
Stevens & Lee  
Attorney for Intervenor, Wal-Mart Stores East, LP  
and Sam's East, Inc.

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ATLANTIC CITY ELECTRIC COMPANY

September 8, 2017  
Date

By:   
Colleen A. Foley, Esq.  
Saul Ewing LLP  
Attorney for Petitioner

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the Board of Public Utilities

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Alex Moreau  
Deputy Attorney General

STEFANIE A. BRAND, ESQ.  
DIRECTOR – DIVISION OF RATE COUNSEL

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Stefanie A. Brand, Esq.  
Director, Division of Rate Counsel

WAL-MART STORES EAST, LP/SAM'S EAST, INC.

September 8, 2017  
Date


By:   
Donald R. Wagner, Esq.  
Stevens & Lee  
Attorney for Intervenors, Wal-Mart Stores East, LP  
and Sam's East, Inc.

EXHIBIT A

PROOF OF REVENUES &  
RATE DESIGN

Sept. 12, 2017

3:15 PM

Atlantic City Electric Company  
Development of Proposed Distribution Rate  
Rate Class Allocation of Distribution Revenue Requirements

Revenue Requirement  
Revenue Allocation

Rate Schedule	RESIDENTIAL	MONTHLY GENERAL SERV SECONDARY	MONTHLY GENERAL SERV PRIMARY	ANNUAL GENERAL SERV SECONDARY	ANNUAL GENERAL SERV PRIMARY	TRANSMISSION GENERAL SERV SUB-TRANSMISSION	TRANSMISSION GENERAL SERV TRANSMISSION	STREET LIGHTING SERVICE	DIREC DISTRIBUTION CONNECT
	72.00%	5.0%	0.1%	14.7%	2.3%	0.6%	0.0%	2.0%	0.1
Total	45,000,000								
Annualized Current Distribution Revenue	\$ 216,052,578	\$ 65,276,660	\$ 1,831,845	\$ 51,603,820	\$ 10,254,728	\$ 3,824,547	\$ 2,145,995	\$ 16,735,565	\$ 583,510
Revenue Charge (%)	50.92%	3.85%	58.34%	3.33%	83.04%	3.82%	0.0%	87.87%	100.0%
Proposed Revenue	\$ 247,656,716	\$ 12,222,656	\$ 3,896,183	\$ 64,837,012	\$ 11,828,566	\$ 3,824,547	\$ 3,143,998	\$ 17,417,268	\$ 583,510
Revenue Charge based on Annualized Current Revenue (%)	14.3%	3.6%	3.2%	10.8%	8.7%	0.8%	0.0%	5.2%	0.0%

Atlantic City Electric Company  
Development of Proposed Distribution Rate  
Rate Schedule

Current Distribution Rates (including SUT) \$ 247,893,715  
 Proposed Distribution Rates (including SUT) \$ 251,842,603

Block	1	2	3	4	5	6	7	8	9	10
	Billing Determinants	Current Distribution Rates (including SUT)	Current Distribution Rates (per SUT)	Current Distribution Rates (per SUT)	Calculated Rate Class Revenue and Current Distribution Rates (per SUT)	Proposed Distribution Rates (per SUT)	Recovery under Proposed Distribution Rates (per SUT)	Proposed Rate (including SUT)	Recovery under Proposed Distribution Rates (per SUT)	Distribution Rate Change %
CUSTOMER	5,815,383 \$	4.44 \$	6.15 \$	24,448,282 \$	4.85 \$	27,222,850 \$	5.00 \$	29,004,480 \$	15%	
SUM FOR 150 KW	1,125,153,949 \$	0.030235 \$	0.041013 \$	53,884,915 \$	0.035363 \$	60,409,023 \$	0.037825 \$	64,386,015 \$	15%	
SUM > 150 KW	724,158,441 \$	0.027764 \$	0.035048 \$	42,382,185 \$	0.031511 \$	48,249,003 \$	0.038107 \$	51,865,412 \$	15%	
TOT	2,223,356,819 \$	0.049635 \$	0.041379 \$	96,477,177 \$	0.046980 \$	110,478,738 \$	0.053106 \$	116,073,318 \$	15%	
TOTAL ENERGY	4,126,672,005			191,814,237		219,255,100		234,907,603		
TOTAL REVENUE				216,962,373		247,893,715		251,842,603		2,000

BLOCK	1	2	3	4	5	6	7	8	9	10
	Billing Determinants	Current Distribution Rates	Current Distribution Rates	Calculated Rate Class Revenue under Current Distribution Rates (incl. SLUT)	Proposed Distribution Rates (incl. SLUT)	Revenue under Proposed Distribution Rates (incl. SLUT)	Proposed Rate (incl. SLUT)	Proposed Rate (incl. SLUT)	Recovery under Proposed Distribution Rates (incl. SLUT)	Distribution Rate Change %
CUSTOMER										
Single Phase Service	511,451 \$	5.04 \$	5.23 \$	2,700,461 \$	6.08 \$	4,334,278 \$	8.64 \$	8.64 \$	4,418,937 \$	53.2%
3 Phase Service	167,314 \$	7.05 \$	8.80 \$	1,708,282 \$	5.40 \$	1,578,981 \$	10.05 \$	10.05 \$	1,657,336 \$	42.5%
DEMAND CHARGE - ALLIANS										
Summer	5,113,771 \$	1.80 \$	1.78 \$	4,208,539 \$	2.01 \$	4,451,320 \$	2.15 \$	2.15 \$	5,128,802 \$	13.2%
Winter	3,914,852 \$	1.59 \$	1.46 \$	3,217,282 \$	1.83 \$	3,884,718 \$	1.75 \$	1.75 \$	4,921,782 \$	12.8%
REACTIVE DEMAND										
Summer	63,515 \$	0.48 \$	0.43 \$	27,331 \$	0.47 \$	29,951 \$	0.50 \$	0.50 \$	31,751 \$	8.2%
ENERGY CHARGE										
Summer	512,763,288 \$	0.650434 \$	0.647190 \$	24,527,620 \$	0.647797 \$	24,843,710 \$	0.651003 \$	0.651003 \$	26,551,408 \$	1.3%
Winter	714,047,570 \$	0.645552 \$	0.643527 \$	30,419,471 \$	0.644375 \$	30,230,840 \$	0.643874 \$	0.643874 \$	32,160,187 \$	1.3%
TOTAL	1,233,632,857			61,327,810		72,333,716			77,191,551	
										7,105
Remainder Charge Rate Decision										
Exempt Charge in Full Cost (incl. SLUT)										
Proposed Distribution Rate Increase										
Demand Charge at 1.5 times proposed class increase %										
Summer										
Winter										
Volume Charge Rate Decision										
Current Average Volume Rate (SLUT)										
Rate of Summer Rate to Average										
Rate of Winter Rate to Average										
Proposed Volume Distribution Revenue										
Proposed Average Volume Rate (SLUT)										
Proposed Winter Volume Rate (SLUT)										
Proposed Summer Volume Rate (SLUT)										

Atlantic City Electric Company  
 Reorganized and Revalued Distribution Rates  
 Rate Design Worksheet

MCS SECONDARY  
 Distribution Functional Revenue Requirements Total (incl. SLUT) \$ 72,333,839  
 Distribution Functional Revenue Requirements Total (incl. SLUT) \$ 77,198,854

Park Schedule  
 Distribution Functional Revenue Requirements Total (incl. SLUT) \$ 72,333,839  
 Distribution Functional Revenue Requirements Total (incl. SLUT) \$ 77,198,854

Proposed Average Rate to Summer Rate  
 Proposed Average Rate to Winter Rate

Proposed Summer Volume Rate (SLUT)



Atlantic City Electric Company  
Development of Proposed Distribution Rates  
Rate Design Worksheet

Rate Schedule: Residential  
Distribution Revenue Requirement Total (w/ SUT) \$ 1,083,399  
Customer Personal Financial Recovery Amount (w/ SUT) \$ 2,028,824

BLOCK	1	2	3	4	5	6	7	8	9	10
BLOCK	Billing Determinants	Current Distribution Rates	Calculated Rate Class Revenue Under Current Distribution Rates (w/ SUT)	Proposed Distribution Rates	Proposed Distribution Rates (w/ SUT)	Proposed Distribution Rates (w/ SUT)	Proposed Rate (Customer SUT)	Proposed Rate (Customer SUT)	Rate Change %	Distribution Rate Change %
CUSTOMER										
Single Phase Service	395 \$	5.22 \$	2,072 \$	4.99 \$	16.50 \$	5.92 \$	15.12 \$	40,122 \$	122.0%	122.0%
3 Phase Service	942 \$	6.21 \$	3,883 \$	6.21 \$	18.97 \$	10,911 \$	18.64 \$	40,700 \$	192.8%	192.8%
DEMAND CHARGE										
SUR-3 MW	53,319 \$	1.53 \$	81,584 \$	1.48 \$	1.53 \$	105,415 \$	1.64 \$	133,165 \$	7.3%	7.3%
VAR-3 MW	124,352 \$	1.19 \$	149,243 \$	1.21 \$	1.19 \$	149,217 \$	1.27 \$	158,161 \$	6.7%	6.7%
REACTIVE DEMAND	49,735 \$	0.43 \$	17,489 \$	0.40 \$	0.42 \$	19,289 \$	0.43 \$	19,651 \$	4.7%	4.7%
ENERGY CHARGE										
SUR-1,000 kWh	18,200,110 \$	0.01258 \$	89,315 \$	0.02547 \$	0.043100 \$	762,880 \$	0.046972 \$	750,553 \$	1.8%	1.8%
VAR-1,000 kWh	27,971,482 \$	0.013226 \$	852,921 \$	0.047128 \$	0.040188 \$	503,985 \$	0.044718 \$	585,140 \$	1.6%	1.6%
TOTAL	37,890,153		1,155,345		3,381,118			2,078,648		(154)

Demand Charge Rate Decision  
 Demand Charge of Full Cost (w/ SUT)  
 Proposed Distribution Rates Increase  
 Demand Charge at 1.5 times proposed class increase %  
 Shorter  
 Longer

Volume Charge Rate Decision  
 Current Average Volume Rate (kWh)  
 Ratio of Summer Rate to Average  
 Ratio of Winter Rate to Average  
 Proposed Average Distribution Rates  
 Proposed Average Volume Rate (kWh)  
 Proposed Winter Volume Rate (kWh)  
 Proposed Summer Volume Rate (kWh)

Proposed Total Distribution Revenue - (Customer Revenue - Demand Revenue)  
 Proposed Average Volume Rate (kWh)  
 Proposed Winter Volume Rate (kWh)  
 Proposed Summer Volume Rate (kWh)

Alameda City Electric Company  
Breakdown of Proposed Distribution Rate  
Rate Design Worksheet

Rate Schedule: **ASSOCIATIVE**  
Distribution Element Revenue Requirement Total (A)(SUT) \$ 64,572,912  
Distribution Element Revenue Requirement Total (A)(SUT) \$ 64,572,912

BLOCK	1 Billing Determinants	2 Current Distribution Rates	3 Current Distribution Rates (A)(SUT)	4 Calculated Rate Class Revenue under Current Distribution Rates (A)(SUT)	5 Preliminary Distribution Rates (A)(SUT)	6 Preliminary Distribution Rates (A)(SUT)	7 Recovery under Preliminary Distribution Rates (A)(SUT)	8 Proposed Rate (Assumed SUT)	9 Recovery under Proposed Distribution Rates (including SUT)	10 Distribution Rate Change %
CUSTOMER	46,049 \$	161.25 \$	141.52 \$	0,007,866 \$	156.84 \$	156.84 \$	0,758,078 \$	187.82 \$	7,222,878	20.2%
DEMAND CHARGE	6,215,183 \$	0.52 \$	0.25 \$	52,104,239 \$	0.14 \$	0.14 \$	57,725,914 \$	0.77 \$	65,892,419	10.8%
PEAKTIME DEMAND	484,884 \$	0.67 \$	0.69 \$	301,471 \$	0.70 \$	0.70 \$	336,419 \$	0.75 \$	361,683	11.9%
TOTAL REVENUE				<u>\$ 54,912,176</u>			<u>\$ 64,419,411</u>		<u>\$ 69,283,790</u>	

Customer Charge Rate Credit

Cost Charge of Full Cost (A)(SUT)	\$ 150.23
Proposed Distribution Rate Increase	10.8%
Customer Charge of Proposed Increase %	\$ 158.84
Proposed Customer Charge (Minimum of Full Cost Charge or Charge at % Increase)	\$ 156.84
Proposed Customer Charge Revenue	\$ 6,739,079
Proposed Demand Related Revenue	\$ 34,079,333
Demand Related Revenue Increase (A)	\$ 5,670,982
Demand Related Revenue Increase (B)	10.6%

Atlanta City Electric Company/  
Department of Proposed Distribution Rate  
Rate Design Worksheet

Rate Schedule  
Distribution Functional Revenue Requirements Total (w/o SUT) \$ 11,855,589  
Distribution Functional Revenue Requirements Total (w/ SUT) \$ 12,862,471

1	2	3	4	5	6	7	8	9	10
BLOCK	Billing Description	Current Distribution Rate (w/ SUT)	Current Distribution Rate (w/o SUT)	Calculated Rate Class Revenue under Current Distribution Rate (w/ SUT) (See Note 1)	Preliminary Distribution Rate (w/o SUT)	Recovery under Preliminary Distribution Rate (w/ SUT)	Proposed Rate (including SUT)	Proposed Distribution Rate (including SUT)	Distribution Rate Change
CUSTOMER	1,855 B	590.21 \$	524.21 \$	733,154 \$	516.50 \$	643,515 \$	604.65 \$	805,148 \$	8.1%
DEMAND CHARGE	1,479,202, S	7.35 \$	6.77 \$	10,014,742 \$	7.32 \$	10,826,347 \$	7.52 \$	11,552,568 \$	6.0%
REGULATIVE DEMAND	312,516 S	0.51 \$	0.50 \$	155,283 \$	0.54 \$	165,795 \$	0.53 \$	181,250.72 \$	9.4%
TOTAL REVENUE			\$	\$ 10,983,179	\$	\$ 11,811,011	\$	\$ 12,632,436	

Customer Charge Rate Detail

Cost Charge at Full Cost (w/o SUT)	\$ 630.95
Proposed Distribution Rate Increase	8.4%
Customer Charge at Proposed Increase %	\$ 684.50
Proposed Customer Charge	\$ 526.50
Balance of Full Cost Charge or Charge at % Increase	\$ 845.51
Proposed Customer Charge Revenue	\$ 10,391,052
Demanded Revenue Revenue	\$ 800,617
Demanded Revenue Revenue Increase (%)	8.1%

Atlantic City Electric Company  
Calculation of Proposed Distribution Rate  
Rate Design Worksheet

TGS SUB TRANSMISSION  
Rate Schedule  
Distribution Functional Revenue Requirements Total (with SUT) \$ 3,608,347  
Distribution Functional Revenue Requirements Total (w/o SUT) \$ 4,079,365

BLOCK	1	2	3	4	5	6	7	8	9	10
	Determinants	Current Distribution Rate (w/o SUT)	Current Distribution Rate (w/o SUT)	Calculated Rate-Class Revenue w/o SUT	Preliminary Distribution Rate (w/o SUT)	Recovery under Preliminary Distribution Rate (w/o SUT)	Proposed Rate (including SUT)	Proposed Rate (including SUT)	Recovery under Proposed Distribution Rate (including SUT)	Distribution Rate Change
CUSTOMER										
<500 KW	524	\$ 137.20	\$ 137.20	\$ 41,821	\$ 139.46	\$ 41,821	\$ 137.20	\$ 44,622	\$ 44,622	0.0%
500-5000 KW	72	\$ 4,546.00	\$ 4,546.00	\$ 305,219	\$ 4,254.43	\$ 305,219	\$ 4,546.00	\$ 327,376	\$ 327,376	0.0%
>5000 KW	72	\$ 8,253.51	\$ 7,722.85	\$ 539,050	\$ 7,722.91	\$ 569,050	\$ 8,253.51	\$ 604,276	\$ 604,276	0.0%
DEMAND CHARGE										
<500 KW	344,878	\$ 3.95	\$ 3.69	\$ 1,271,822	\$ 3.69	\$ 1,271,822	\$ 3.95	\$ 1,359,051	\$ 1,359,051	0.0%
500-5000 KW	252,380	\$ 2.03	\$ 2.84	\$ 850,302	\$ 2.84	\$ 850,302	\$ 2.03	\$ 865,851	\$ 865,851	0.0%
>5000 KW	475,106	\$ 1.52	\$ 1.42	\$ 699,056	\$ 1.42	\$ 688,056	\$ 1.52	\$ 716,172	\$ 716,172	0.0%
REACTIVE DEMAND										
<500 KW	106,278	\$ 0.51	\$ 0.51	\$ 54,217	\$ 0.51	\$ 54,217	\$ 0.51	\$ 57,488.32	\$ 57,488.32	0.0%
500-5000 KW	56,853	\$ 0.52	\$ 0.51	\$ 29,048	\$ 0.51	\$ 29,048	\$ 0.52	\$ 31,754.62	\$ 31,754.62	0.0%
>5000 KW	98,138	\$ 0.51	\$ 0.51	\$ 50,075	\$ 0.51	\$ 50,075	\$ 0.51	\$ 53,028.44	\$ 53,028.44	0.0%
<b>TOTAL REVENUE</b>				<b>\$ 4,068,617</b>		<b>\$ 4,068,617</b>		<b>\$ 4,467,374</b>		

Atlantic City Electric Company  
Development of Proposed Distribution Rate  
Rate Design Worksheet

Y08 TRANSMISSION

Distribution Functional Revenue Requirements Total (\$/kW SUT)	\$ 9,145,988
Proposed Customer Charge Recovery	\$ 3,145,988
Proposed Demand-Side Charge Recovery	\$ -
Distribution Functional Revenue Requirements Total (w/ SUT)	\$ 3,992,299

BLOCK	1	2	3	4	5	6	7	8	9	10
	Billing Determinants	Current Distribution Rates (w/ SUT)	Current Distribution Rates (w/ SUT)	Calculated Eric Class Revenue under Current Distribution Rates (w/ SUT)	Primary Distribution Rate (w/ SUT)	Secondary Distribution Rate (w/ SUT)	Proposed Eric Class Rate (including SUT)	Proposed Eric Class Rate (including SUT)	Recovery under Proposed Distribution Rate (including SUT)	Distribution Rate Change
CUSTOMER										
<5000 KW	90	\$ 43,720	\$ 426.81	\$ 7,401	\$ 125.81	\$ 7,376	\$ 133.69	\$ 133.69	\$ 6,716	0.0%
5000 - 8000 KW	80	\$ 4,424.58	\$ 4,138.22	\$ 215,173	\$ 41,162.22	\$ 248,673	\$ 4,624.58	\$ 4,624.58	\$ 255,652	0.0%
>8000 KW	64	\$ 28,084.75	\$ 38,738.81	\$ 578,277	\$ 18,735.81	\$ 1,743,277	\$ 23,084.75	\$ 23,084.75	\$ 1,693,783	0.0%
DEMAND CHARGE										
<5000 KW	88518	\$ 3.08	\$ 2.67	\$ 248,310	\$ 2.67	\$ 248,310	\$ 3.07	\$ 3.07	\$ 255,503	0.0%
5000 - 9000 KW	552239	\$ 2.53	\$ 2.21	\$ 778,332	\$ 2.21	\$ 778,332	\$ 2.38	\$ 2.38	\$ 831,512	0.0%
>9000 KW	848,213	\$ 8.13	\$ 8.14	\$ 116,470	\$ 8.14	\$ 116,470	\$ 8.15	\$ 8.15	\$ 126,512	0.0%
REACTIVE DEMAND										
<5000 KW	57,628	\$ 0.46	\$ 0.46	\$ 26,457	\$ 0.46	\$ 26,457	\$ 0.52	\$ 0.52	\$ 28,556	0.0%
5000 - 9000 KW	47,584	\$ 0.46	\$ 0.46	\$ 47,584	\$ 0.46	\$ 47,584	\$ 0.52	\$ 0.52	\$ 50,749	0.0%
>9000 KW	184,308	\$ 0.46	\$ 0.46	\$ 99,469	\$ 0.46	\$ 99,469	\$ 0.52	\$ 0.52	\$ 85,844	0.0%

TOTAL REVENUE \$ 3,145,988 \$ 3,145,988



Altonic City Electric Company  
1125 Street Utilities Park Drive

SEL

	Cobra Head			Decorative			Post Top			Silo Box			Year Disc			Flood/Inking		
	50 Wt	70 Wt	100 Wt	150 Wt	200 Wt	250 Wt	300 Wt	350 Wt	400 Wt	450 Wt	500 Wt	550 Wt	600 Wt	650 Wt	700 Wt	750 Wt	800 Wt	850 Wt
Electrician Service Fixed Charge	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83	\$ 2.83
Monthly O&M Charge - Non-Luminaire Overhead/Underground	\$ 5.77	\$ 6.09	\$ 6.45	\$ 6.81	\$ 7.17	\$ 7.53	\$ 7.89	\$ 8.25	\$ 8.61	\$ 8.97	\$ 9.33	\$ 9.69	\$ 10.05	\$ 10.41	\$ 10.77	\$ 11.13	\$ 11.49	\$ 11.85
Total Charge - Overhead	\$ 8.60	\$ 8.92	\$ 9.28	\$ 9.64	\$ 10.00	\$ 10.36	\$ 10.72	\$ 11.08	\$ 11.44	\$ 11.80	\$ 12.16	\$ 12.52	\$ 12.88	\$ 13.24	\$ 13.60	\$ 13.96	\$ 14.32	\$ 14.68
Regulatory Assessment	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05
Total Rate without SUT	\$ 8.65	\$ 8.97	\$ 9.33	\$ 9.69	\$ 10.05	\$ 10.41	\$ 10.77	\$ 11.13	\$ 11.49	\$ 11.85	\$ 12.21	\$ 12.57	\$ 12.93	\$ 13.29	\$ 13.65	\$ 14.01	\$ 14.37	\$ 14.73
Total Rate with SUT (6.875%)	\$ 9.09	\$ 9.44	\$ 9.81	\$ 10.18	\$ 10.55	\$ 10.92	\$ 11.29	\$ 11.66	\$ 12.03	\$ 12.40	\$ 12.77	\$ 13.14	\$ 13.51	\$ 13.88	\$ 14.25	\$ 14.62	\$ 14.99	\$ 15.36





Atlantic City Electric Company  
Development of Proposed Distribution Rate  
Rate Design Worksheet  
Standby Rate

Rate Schedule	Demand Rates (\$/kW) Distribution	Standby Rates (\$/MVA) Distribution	Chargeout Standby Rate
MAS Secondary	1.52	0.12	11,600,000
MAS Primary	.40	0.14	0.00000000
AGS Secondary	9.77	0.58	0.00000000
AGS Primary	1.52	0.78	0.00000000
TGS - Sub Transmission	.	.	0.00000000
TGS Transmission	.	.	0.00000000

I-1

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**ROTHFELDER STERN, LLP** P 2:50

Attorneys at Law

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STATE OF NEW JERSEY  
OFFICE OF ADMINISTRATIVE LAW  
Bradford M. Stern, Esq.  
(Admitted in NJ, PA)

22 Lakeview Hollow  
Cherry Hill, NJ 08003  
Tel: 856-520-6806  
Fax: 856-375-2151  
bstern@rothfelderstern.com

Please reply to Cherry Hill

September 8, 2017

Via Telecopy and First Class Mail

Colleen A. Foley, Esquire  
Saul Ewing LLP  
One Riverfront Plaza, Suite 1520  
Newark, New Jersey 07102

**Re: 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 (2017)  
OAL Docket No. PUC 4989-17; BPU Docket No. ER17030308**

Dear Ms. Foley:

On behalf of Unimin Corporation, we advise you that we have reviewed the Stipulation of Settlement provided on this date, and while not signing the stipulation, we have no objection to it.

Very truly yours,



Bradford M. Stern

cc: Counsel of Record (via e-mail)

I-2

Joseph F. Accardo, Jr.  
Deputy General Counsel

Law Department  
PSEG Services Corporation  
80 Park Plaza - T5, Newark, New Jersey 07102-4194  
tel: 973-430-5811 fax: 973-645-1307  
email: [Joseph.Accardo@pseg.com](mailto:Joseph.Accardo@pseg.com)



September 8, 2017

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 (2017)

BPU Docket No. ER17030308  
OAL Docket No. PUC-04989-17

**VIA ELECTRONIC AND OVERNIGHT MAIL**

Honorable Elia A. Pelios  
Administrative Law Judge  
Office of Administrative Law  
P.O. Box 049  
Trenton, New Jersey 08625-0049

Dear Honorable Pelios:

This letter, of which 3 additional copies are enclosed, is to advise that Public Service Electric and Gas Company ("PSE&G"), a participant in this proceeding, has no objection to the Stipulation of Settlement between the Parties which was provided to PSE&G via e-mail by Atlantic City Electric Company counsel on the morning of September 8, 2017 dated on that date, and which we anticipate will be filed on or about that date.

Copies of this letter are being forwarded this date via electronic mail to all persons whose name appear on the attached distribution list.

Respectfully submitted,

C Attached Service List (E-Mail Only)



**Fox Rothschild LLP**  
ATTORNEYS AT LAW

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Steven S. Goldenberg  
Direct Dial: 609.896.4586  
Email Address:  
sgoldenberg@foxrothschild.com

I-3

September 8, 2017

Colleen A. Foley, Esq.  
Saul Ewing LLP  
One Riverfront Plaza, Suite 1520  
Newark, New Jersey 07102

Re: I/M/O 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

OAL Docket No. PUC 4989-17; BPU Docket No. ER17030308

Dear Ms. Foley:

This is to advise that the Builder's League of South Jersey takes no position regarding the Stipulation of Settlement entered by the parties in this proceeding, other than to express its disappointment that Atlantic City Electric Company was unwilling to amend Section 9.7 of the Terms and Conditions of Service in its Tariff, which addresses apportionment of cost responsibility for the relocation of utility assets, to conform with applicable law.

Very truly yours,

A handwritten signature in black ink, appearing to read 'S. Goldenberg'.

Steven S. Goldenberg

SSG:jfp  
cc: Distribution List

I-H



RECEIVED

Lauren M. Lepkoski, Esq.  
(610) 921-6203  
(330) 315-9263 (Fax)

2017 SEP 12 A 11:22

STATE OF NEW JERSEY  
OFFICE OF ADMINISTRATIVE LAW

September 11, 2017

**VIA EMAIL AND UPS OVERNIGHT DELIVERY**

Administrative Law Judge Jacob S. Gertsman  
Office of Administrative Law  
3444 Quakerbridge Road  
Quakerbridge Plaza, Building 9  
Mercerville, NJ 08619

**Re: In the Matter of the Petition of Atlantic City Electric Company for Approval of Amendment 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. 48-2-21.0, and for Other Appropriate Relief (2017)  
BPU Docket No. ER17030308  
OAL Docket No. PUC 4989-17**

Dear Judge Gertsman:

On behalf of Jersey Central Power & Light Company ("JCP&L"), I respectfully advise that JCP&L has reviewed the Stipulation of Settlement provided and, while not signing the stipulation, JCL&L has no objection to it.

Very truly yours,

Lauren M. Lepkoski

krak  
cc: Counsel of Record (via email)