



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

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 N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1, AND )  
FOR OTHER APPROPRIATE RELIEF (2018) ) BPU DOCKET NO. ER18080925

) SECOND ORDER SUSPENDING  
) INCREASES, CHANGES OR  
) ALTERATIONS IN RATES FOR  
) SERVICE

**Parties of Record:**

**Philip J. Passanante, Esq.**, on behalf of Atlantic City Electric Company, Petitioner  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel  
**Bradford Stern, Esq.**, on behalf of Covia Holdings Corporation  
**Donald R. Wagner, Esq.**, on behalf of Wal-Mart Stores, East LLP and Sam's East, Inc.

**BY THE BOARD:**

On August 21, 2018, 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 \$116.5 million, including Sales and Use Tax ("SUT"), to be effective for electric service provided on or after September 21, 2018.

The Company also requested a return on equity 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 an opportunity to earn a reasonable rate of return on the fair value of the Company's property.

In its petition, ACE sought authority from the Board to: (i) increase rates and charges for electric service that would result from the proposed amendments to the Company's tariff; (ii) create a regulatory asset to record the costs to achieve merger synergy savings and to amortize those costs over a five (5) year period; (iii) incorporate the results of its Cost 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 (iv) modify certain charges, including monthly customer charges, and update its tariff for certain tariff modifications.

Additionally, the Company requested that the Board: (i) relieve it of the obligation to file an alternative rate design using Peak and Average Coincident Peak method as required by the Board in the Order issued in connection with in Docket No. ER03020110; (ii) approve ACE's proposed revenue decoupling mechanism; and (iii) approve the use of its depreciation rates based on the Company's depreciation study.

By Order dated September 17, 2018, the Board issued an Order suspending the proposed rate increase until January 21, 2019 pending further action on this matter. The matter was subsequently transmitted to the Office of Administrative Law ("OAL") as a contested case and was assigned to Administrative Law Judge ("ALJ") Tricia M. Caliguire for consideration and hearing.

On November 19, 2018, ACE updated its petition to include nine (9) months of actual data and three (3) months of estimated data. The requested rate increase was modified to \$129.9 million (including SUT).

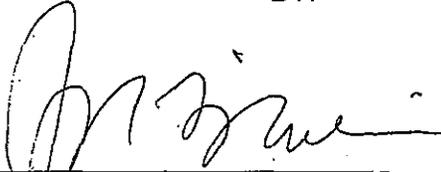
In light of the fact that this matter will not be completed by January, 21, 2019 and in order to allow the ALJ sufficient time to conduct the case, it is **HEREBY ORDERED** that:

- (1) Pursuant to N.J.S.A. 48:2-21(d), and consistent with N.J.A.C. 14:1-5.12 the proposed revisions are suspended until May 21, 2019, unless prior to that date the Board makes a determination disposing of the petition or enters an Order further suspending the proposed revisions;
- (2) ACE shall, at least ten (10) days prior to the date set for hearing on the petition by the OAL, file with this Board and with the OAL, proof of compliance with the notice provisions of N.J.S.A. 48:2-32.2 and N.J.A.C. 14:1-5.12(b) and (c), which notice shall include a statement that any relief found by the Board to be just and reasonable may be allocated by the Board to any class or classes of customers on any rate or schedule as the Board may determine; and
- (3) ACE shall serve copies of this Order upon the OAL, the New Jersey Division of Rate Counsel (140 East Front Street, 4th Floor, Post Office Box 003, Trenton, N.J. 08625), the clerk of each affected municipality, the clerk of the Boards of Chosen Freeholders of the affected county, and where appropriate, the executive officer of the affected county within its service area. Service of the petition, notice of hearings and this Order may be made simultaneously. Proof of Service of this Order shall be filed with the Board.

This Order shall be effective on January 27, 2019.

DATED: 1/17/19

BOARD OF PUBLIC UTILITIES  
BY:



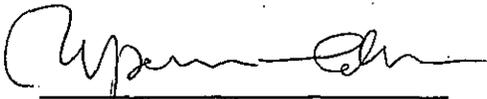
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ROBERT M. GORDON  
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH  
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 (2018)  
BPU DOCKET NO. ER18080925**

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