



**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	)	DECISION AND ORDER
CITY ELECTRIC COMPANY FOR APPROVAL TO	)	APPROVING THE PASS-
IMPLEMENT FERC-APPROVED CHANGES TO ACE'S	)	THROUGH OF FERC
RETAIL TRANSMISSION (FORMULA) RATE	)	AUTHORIZED CHANGES IN
PURSUANT TO PARAGRAPH 15.9 OF THE BGS-	)	FIRM TRANSMISSION
RSCP AND BGS-CIEP SUPPLIER MASTER	)	SERVICE RELATED
AGREEMENTS AND TARIFF FILING REFLECTING	)	CHARGES
CHANGES TO SCHEDULE 12 CHARGES IN PJM	)	
OPEN ACCESS TRANSMISSION TARIFF (2016)	)	DOCKET NO. ER16070620

**Parties of Record:**

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

**BY THE BOARD:**

By petition dated July 1, 2016, filed with the New Jersey Board of Public Utilities ("Board") Atlantic City Electric Company ("ACE" or "Company") requested recovery of Federal Energy Regulatory Commission ("FERC") approved changes in firm transmission service related charges ("July 2016 Filing") with rates to be effective September 1, 2016.

The Company's proposed tariffs reflect changes to the Basic Generation Service ("BGS") Residential and Small Commercial Pricing ("BGS-RSCP") and Commercial and Industrial Pricing ("BGS-CIEP") rates to customers resulting from FERC approved changes in the PJM Open Access Transmission Tariff ("OATT") made in response to (i) the annual formula rate update filing by PPL Electric Utilities Corporation in FERC Docket No. ER09-1148; a revised formula rate filing by American Electric Power Service Corporation ("AEP") in FERC Docket Nos. ER08-1329 and ER10-355; and by Trans-Allegheny Interstate Line Company ("TrAILCo") in FERC Docket No. ER07-562, and (ii) the formula rate update filings made by the public utility affiliates of Pepco Holdings, Inc. ("PHI") in FERC Docket No. ER08-1423, and the respective utility affiliate compliance filings for formula rate updates made by ACE in FERC Docket No. ER09-1156, Delmarva Power and Light Company ("Delmarva") in FERC Docket No. ER09-1158, and Potomac Electric Power Company ("PEPCO") in FERC Docket No. ER09-1159. The filings referred to in (i) and (ii) above are collectively referred to as the "Filings."

The Transmission Enhancement Charges (“TECs”) detailed in Schedule 12 of the PJM OATT were implemented to compensate transmission owners for the annual transmission revenue requirements for “Required Transmission Enhancements” that are requested by PJM for reliability or economic purposes. TECs are recovered by PJM through an additional transmission charge in the transmission zones assigned cost responsibility for Required Transmission Enhancement projects.

The proposed rates included in the amended tariff sheets reflect TEC costs effective as of June 1, 2016 resulting from all of the FERC-approved Filings, except for the AEP-East filing, and reflect the costs of the AEP-East filing as of its effective date of July 1, 2016. ACE also requested authorization to compensate the BGS suppliers for the changes resulting from the implementation of these updates to formula rates, subject to the terms and conditions of the applicable Supplier Master Agreement(s) (“SMAs”). Any differences between payments to BGS suppliers and charges to customers would flow through the BGS Reconciliation Charges.

The Company stated that this filing satisfies the requirements of paragraphs 15.9(a)(i) and (ii) of the BGS-RSCP and BGS-CIEP SMAs, which mandate that BGS-RSCP and BGS-CIEP suppliers be notified of rate increases and decreases for firm transmission service, and that the electric distribution companies (“EDCs”) file for and obtain Board approval of an increase or decrease in retail rates commensurate with the FERC-implemented rate changes.

ACE states that an adjustment to BGS supplier accounts for the period June 1, 2016 through May 31, 2017 will be made upon the Board’s approval of this request. For the period beginning June 1, 2016, ACE represents that it will track amounts associated with the rate change to BGS suppliers in accordance with paragraphs 15.9(a)(iii) and (iv) of the BGS-RSCP and BGS-CIEP SMAs until receipt of final FERC action on the 2016 informational filing.

Based on the allocation of the TEC charges of the Company’s formula transmission rates among the service classes in accordance with ACE’s tariff, the monthly bill for a typical ACE residential customer using 650 kWh per month will decrease by approximately \$0.69 (including Sales and Use Tax) or 0.58%.

## **DISCUSSION AND FINDING**

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

After review of the verification and supporting documentation, the Board **HEREBY FINDS** that the July 2016 Filing satisfies ACE’s obligations under paragraphs 15.9(a)(i) and (ii) of the relevant SMAs, and **HEREBY APPROVES** the changes to the BGS-RSCP and BGS-CIEP rates requested by ACE for its transmission charges resulting from the FERC-approved changes to the TECs effective for service on or after September 1, 2016.

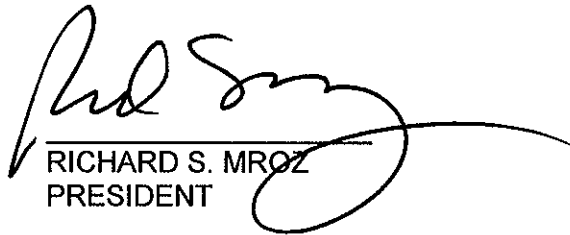
ACE is **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate change subject to the terms and conditions of the SMAs.

Further, the Board **HEREBY DIRECTS** ACE to file tariffs and rates consistent with the Board's findings by September 1, 2016.

The effective date of this Order is August 24, 2016.

DATED: 8/24/16

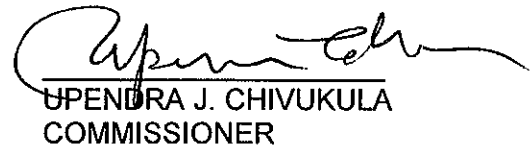
BOARD OF PUBLIC UTILITIES  
BY:

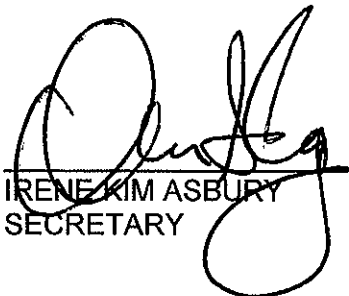
  
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COMMISSIONER

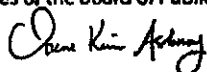
  
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ATTEST:   
IRENE KIM ASBURY  
SECRETARY

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 to Implement FERC  
Approved Changes to ACE's Retail Transmission (Formula) Rate Pursuant to Paragraph 15.9 of  
the BGS-RSCP and BGS-CIEP Supplier Master Agreements and Tariff Filing Reflecting  
Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff (2016)  
BPU DOCKET NO. ER16070620

NOTIFICATION LIST

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