



Agenda Date: 08/18/10
Agenda Item: 2B

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu

ENERGY

IN THE MATTER OF THE PETITION OF ATLANTIC) DECISION AND ORDER
CITY ELECTRIC COMPANY ("ACE") FOR APPROVAL) APPROVING THE PASS-
TO IMPLEMENT FERC-APPROVED CHANGES TO) THROUGH OF FERC
ACE'S RETAIL TRANSMISSION (FORMULA) RATE) FIRM TRANSMISSION
PURSUANT TO PARAGRAPHS 15.9 OF THE BGS-FP) SERVICE RELATED
AND BGS-CIEP SUPPLIER MASTER AGREEMENTS) CHARGES
AND TARIFF FILING REFLECTING CHANGES TO)
SCHEDULE 12 CHARGES IN PJM OPEN ACCESS)
TRANSMISSION TARIFF) BPU DOCKET NO. ER10070455

(SERVICE LIST ATTACHED)

APPEARANCES:

Philip J. Passanante, Esq. on behalf of Atlantic City Electric Company

Ami Morita, Esq. and **Diane Schulze, Esq.** on behalf of the Division of Rate Counsel
(**Stefanie A. Brand, Esq.** Director)

Alex Moreau, Deputy Attorney General, on behalf of the Staff of the New Jersey Board of
Public Utilities (**Paula T. Dow**, Attorney General of New Jersey).

BY THE BOARD:

On July 6, 2010, Atlantic City Electric Company ("ACE" or "Company") filed a petition with the
New Jersey Board of Public Utilities ("Board") requesting recovery of Federal Energy Regulatory
Commission ("FERC") approved changes in firm transmission service related charges.

The Company's proposed tariffs reflect changes to the Basic Generation Service - Fixed Price
("BGS-FP") and BGS-Commercial and Industrial Pricing ("BGS-CIEP") rates to customers
resulting from changes in the PJM Open Access Transmission Tariff ("OATT") made in
response to an updated formula rate filing made by PPL Electric Utilities Corporation in FERC
Docket No. ER09-1148; a revised formula rate filing made by American Electric Power Service
Corporation ("AEP") in FERC Docket No. ER08-1329; a revised formula rate filing made by
Trans-Allegheny Interstate Line Company ("TrAILCo") in FERC Docket No. ER07-562; revised
formula rate filing made by Delmarva Power and Light Company ("Delmarva") in FERC Docket
No. ER09-1158; a revised formula rate filing made by Potomac Electric Power Company
("PEPCo") in FERC Docket No. ER09-1159; and ACE's revised formula rate filing in FERC
Docket No. ER09-1156. The modified rate filing made by PEPCo Holdings Inc.'s ("PHI") three
public utility affiliates (Delmarva, PEPCo, and ACE) were made with respect to the Mid Atlantic

Power Pathway (“MAPP”) project. The net effect of all changes is an increase in firm transmission service related charges. The Company requested that the changes become effective on July 1, 2010.

ACE also requested that the BGS suppliers be compensated 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 paragraph 15.9(a) (i) and (ii) of the BGS-FP and BGS-CIEP SMAs, which mandate that BGS-FP 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.

The specific Schedule 12 charges, referred to as Transmission Enhancement Charges (“TECs”), were implemented to compensate transmission owners for the annual transmission revenue requirements for “Required Transmission Enhancements” (as defined in the PJM OATT) that are requested by PJM for reliability or economic purposes. The costs of TECs are recovered by PJM according to an assigned cost responsibility through an additional transmission charge assessed in the affected transmission zones.

On July 2, 2007, TrAILCo made its compliance filing with FERC, which was the final act necessary for PJM to begin billing wholesale customers for these TECs effective June 1, 2007. On August 7, 2007, the ACE, along with Jersey Central Power and Light Company (“JCP&L”), Public Service Electric and Gas Company (“PSE&G”) and Rockland Electric Company (“RECO”) (collectively “EDCs”) filed a joint petition, requesting recovery of the allocated TrAILCo firm transmission service related charges. By Board Order dated January 18, 2008, the EDCs received approval from the Board to begin allocating TECs related to the TrAILCo project.¹

On September 30, 2008, FERC approved the AEP formula rate filing and accepted the tariffs for filing. On October 28, 2008, FERC approved the PPL formula rate filing and accepted the tariffs for filing. By FERC Order issued on October 31, 2008, the formula rates were approved and the respective tariffs were accepted for filing. Subsequently, on June 15, 2009, ACE filed a petition with the Board requesting recovery of the allocated PPL, AEP and MAPP project costs. By Order dated September 16, 2009, ACE received approval from the Board to begin allocating TECs related to these projects.²

Based on the allocation of the TEC charges and the update of the Company’s formula transmission rates among the service classes in accordance with ACE’s tariff, a typical residential customer using 750 kWh per month will see an increase in their annual bills of approximately \$2.23.

¹In the Matter of the Provision of Basic Generation Service for Year Two of the Post-Transition Period and In the Matter of the Provision of Basic Generation Service for Year Three of the Post Transition Period and In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2006 and In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2007, BPU Docket Nos. E003050394, EO04040288, EO05040317, and EO06020119, Order dated January 18, 2008.

²In the Matter of the Petition of Atlantic City Electric Company (ACE) for Approval to Implement FERC-Approved Changes to ACE’s Retail Transmission (Formula) Rate Pursuant to Paragraph 15.9 of the BGS-FP and BGS-CIEP Supplier Master Agreements and Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff, BPU Docket No. ER09060464, Order dated September 16, 2009.

DISCUSSION AND FINDINGS

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 Section 15.9 of the SMAs as filed by the EDCs which requires that the EDCs file for Board approval of any increases or decreases in their transmission charges that have been approved by the FERC. The SMAs also authorize the EDCs to increase or decrease the rates paid to suppliers for FERC-approved rates and changes to Firm Transmission Services once approved by the Board. The Board Orders further required that the EDCs review and verify the requested FERC authorized changes.

After review of the verifications and supporting documentation, the Board **HEREBY FINDS** that the July 6 filing satisfies ACE's obligations under paragraph 15.9 (a)(i) and (ii) of the relevant SMA, and **HEREBY APPROVES** the increase to the Company's retail transmission rates and BGS-FP and BGS-CIEP rates requested by ACE for its changes in transmission charges resulting from the FERC-approved changes effective for service on or after September 1, 2010. ACE is **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate increase subject to the terms and conditions of the SMAs.

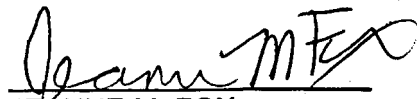
Further, the Board **HEREBY DIRECTS** ACE to file tariffs and rates consistent with the Board's findings within five (5) business days of the date of this Board Order.

DATED: 8/18/10

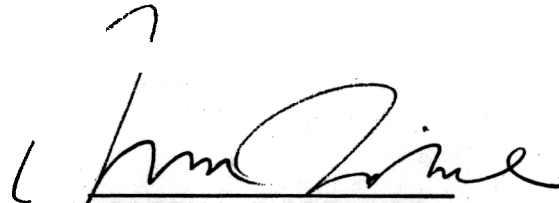
BOARD OF PUBLIC UTILITIES
BY:



LEE A. SOLOMON
PRESIDENT




JEANNE M. FOX
COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER



NICHOLAS ASSELTA
COMMISSIONER



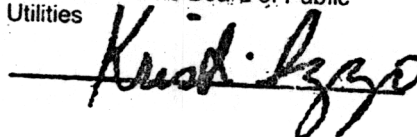
ELIZABETH RANDALL
COMMISSIONER

ATTEST:



KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



I/M/O 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-FP and BGS-CIEP Supplier Master Agreements AND Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff
 BPU DOCKET NO. ER10070455 - Service List

BOARD OF PUBLIC UTILITIES		
Jerome May Board of Public Utilities Two Gateway Center Newark, NJ 07102	Alice Bator Board of Public Utilities Two Gateway Center Newark, NJ 07102	Stacy Peterson Board of Public Utilities Two Gateway Center Newark, NJ 07102
John Garvey Board of Public Utilities Two Gateway Center Newark, NJ 07102		
DIVISION OF RATE COUNSEL		
Stefanie A. Brand, Esq. Division of Rate Counsel 31 Clinton Street, 11 th Floor P.O. Box 46005 Newark, NJ 07101	Paul Flanagan, Esq. Division of Rate Counsel 31 Clinton Street, 11 th Floor P.O. Box 46005 Newark, NJ 07101	Ami Morita, Esq. Division of Rate Counsel 31 Clinton Street, 11 th Floor P.O. Box 46005 Newark, NJ 07101
Diane Schulze, Esq. Division of Rate Counsel 31 Clinton Street, 11 th Floor P.O. Box 46005 Newark, NJ 07101		
DEPARTMENT OF LAW & PUBLIC SAFETY		
Alex Moreau, DAG Division of Law 124 Halsey Street, 5th Floor P.O. Box 45029 Newark, NJ 07101	Babette Tenzer, DAG Division of Law 124 Halsey Street, 5th Floor P.O. Box 45029 Newark, NJ 07101	
ACE		
Philip Passanante, Esq. ACE 800 King Street, 5 th Floor P.O. Box 231 Wilmington, DE 19899-0231	Roger E. Pedersen Manager, NJ Regulatory Affairs ACE 5100 Harding Highway Mays Landing, NJ 08330	Joseph F. Janocha Manager, Rate Economics ACE 5100 Harding Highway Mays Landing, NJ 08330

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Kristi Izzo, Secretary
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Stacy Peterson
Division of Energy
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Mark Beyer, Chief Economist
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Alex Moreau, DAG
Dept. of Law and Public Safety
Division of Law
124 Halsey Street, 5th Floor
Newark, NJ 07101

Ami Morita, Esq.
Division of Rate Counsel
31 Clinton Street- 11th Floor
P.O. Box 46005
Newark, NJ 07101

Gregory Marquis
Bulk Power Supply Management
Pepco Holdings, Inc.
701 9th Street NW
Washington, DC 20068-0001

Sally Cheong, Tariff Activity Rates, NJ
JCP&L
300 Madison Avenue
P.O. Box 1911
Morristown, NJ 07962-1911

Frances Sundheim
PSE&G
80 Park Plaza, T-08
Newark, NJ 07101

Steven Gabel
Gabel Associates
417 Denison Street
Highland Park, NJ 08904

Jerome May, Director
Division of Energy
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Frank Perrotti
Division of Energy
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Kenneth Sheehan
Counsel's Office
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Stefanie Brand, Director
Division of Rate Counsel
31 Clinton Street- 11th Floor
P.O. Box 46005
Newark, NJ 07101

Diane Schulze, Esq.
Division of Rate Counsel
31 Clinton Street- 11th Floor
P.O. Box 46005
Newark, NJ 07101

Philip J. Passanante, Esq.
Assistant General Counsel
Pepco Holdings Inc./Atlantic City Electric Co
800 King Street, 5th Floor
PO Box 231
Wilmington, DE 19899-0231

Marc B. Laskey, Esq.
Morgan Lewis & Bockius LLP
Suite 1435
89 Headquarters Plaza North
Morristown, NJ 07960

Anthony Robinson
PSE&G
80 Park Plaza, T-08
Newark, NJ 07101

Lisa A. Balder
NRG Power Marketing Inc.
Contract Administration
211 Carnegie Center
Princeton, NJ 08540

Alice Bator, Chief Bureau of Rates &
Tariffs
Division of Energy
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

John Garvey
Division of Energy
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Babette Tenzer, DAG
Dept. of Law and Public Safety
Division of Law
124 Halsey Street, 5th Floor
Newark, NJ 07101

Paul Flanagan, Esq.
Division of Rate Counsel
31 Clinton Street- 11th Floor
P.O. Box 46005
Newark, NJ 07101

Peter Schaub, General Manager
Bulk Power Supply Management
Pepco Holdings, Inc.
701 9th Street NW
Washington, DC 20068-0001

Joseph E. Janocha
PHI Rates and Technical Services
5100 Harding Highway
Mays Landing, NJ 08330

Kevin Connelly
FirstEnergy
300 Madison Avenue
P.O. Box 1911
Morristown, NJ 07962-1911

John L. Carley
ConEd, NY, Inc.
Law Department, Room 1815-S
4 Irving Place
New York, NY 10003

Frank Cernosek
Reliant Energy
REP 11-235
1000 Main Street
Houston, TX 77002

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BPU DOCKET NO. ER10070455

Legal Department
Derivatives
Pr Group
270 Park Avenue, 41st Floor
New York, NY 10017-2070

Commodity Confirmations
J.P. Morgan Ventures Energy Corp.
1 Chase Manhattan Plaza, 14th Floor
New York, NY 10005

Manager, Contracts Administration
Sempra Energy Trading Corp.
58 Commerce Road
Stamford, CT 06902

Raymond DePillo
PSEG Power
80 Park Plaza T19
Newark, NJ 07101

Sylvia Dooley
Consolidated Edison Company of NY
4 Irving Place, Room 1810-S
New York, NY 10003

Consolidated Edison Energy, Inc.
VP Trading
Suite 201
701 Westchester Avenue
White Plains, NY 10604

Gary Ferenz
Conectiv Energy Supply, Inc.
500 North Wakefield Drive
P.O. Box 6066
Newark, DE 19714-6066

Daniel E. Freeman
Contract Services- Power
BP Energy Company
WL1-4.300B
501 West Lake Park Boulevard
Houston, TX 77079

Michael S. Freeman
Exelon Generation Company, LLC
300 Exelon Way
Kennett Square, PA 19648

Margorie Garbini
Conectiv Energy Supply, Inc.
500 North Wakefield Drive
P.O. Box 6066
Newark, DE 19714-6066

Mario Giovannini, Manager
Operations and Credit
Conectiv Energy Supply, Inc.
PO Box 6066
Newark, DE 19714-6066

Contracts/Legal Department
NextEra Energy Power Marketing
700 Universe Boulevard
Juno Beach, FL 33408

Brent Hendry
NextEra Energy Power Marketing
Building E, 2nd Floor
700 Universe Boulevard
Juno Beach, FL 33408

Hermant Jain
Hess Corporation
One Hess Plaza, WB12
Woodbridge, NJ 07095

Kevin Laguardia
Hess Corporation
One Hess Plaza
Woodbridge, NJ 07095

Arland H. Gifford
DTE Energy Trading
414 South Main Street, Suite 200
Ann Arbor, MI 48104

Deborah L. Hart
Morgan Stanley Capital Group Inc.
2000 Westchester Avenue
Purchase, NY 10577

Marcia Hissong
Director, Contract Administration
DTE Energy Trading
414 South Main Street, Suite 200
Ann Arbor, MI 48104

Eric W. Hurlocker
Associate General Counsel
PPL Service Company
Two North Ninth Street
Allentown, PA 18101-1179

Anne W. Fiore
Contract Administration
PPL Energy Plus, LLC
Two North Ninth Street
Allentown, PA 18101-1179

Gary A. Jeffries
Senior Counsel
Dominion Retail, Inc.
1201 Pitt Street
Pittsburgh, PA 15221

Shawn P. Leyden
Vice President corporate and Commercial
PSEG Energy Resources and Trade LLC
80 Park Plaza
Newark, NJ 07102

Robert Vinegra
Manager Energy Contracts
PSEG Energy Resources & Trade
80 Park Plaza- T-19
P.O. Box 570
Newark, NJ 07101

Legal Department
FPL Energy Marketing Inc.
700 Universe Boulevard, CTR/JB
Juno Beach, FL 33408

Randall D. Osteen, Esq.
Vice President- Counsel
Constellation Energy Commodities
Group, Inc.
111 Market Place, Suite 500
Baltimore, MD 21202

Robert Mennella
Consolidated Edison Energy, Inc.
Suite 201 West
701 Westchester Avenue
White Plains, NY 0604

Stuart Rubenstein
Chief Operation Officer
Constellation Energy Commodities
Group, Inc
111 Market Place, Suite 500
Baltimore, MD 21202

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Elizabeth Sager
VP- Assistant General Counsel
J.P. Morgan Chase Bank, N.A.
270 Park Avenue, Floor 41
New York NY 10017-2014

Ken Salamone
Sempra Energy Trading Corp
58 Commerce Road
Stamford, CT 06902

Steve Sheppard
DTE Energy Trading
414 S. Main Street Suite 200
Ann Arbor, MI 48104

Noel H. Trask
Exelon Generation Company, LLC
300 Exelon Way
Kennett Square, PA 19348

Robert Viola
Edison Mission Marketing
160 Federal Street, 4th Floor
Boston, MA 02110

Jessica Wang
NextEra Energy Power Marketing
Building E, 4th Floor
700 Universe Boulevard
June Beach, FL 33408

Matt Webb
BP Energy Company
501 West Lake Park Boulevard
Houston, TX 77079

Edward Zabrocki
Morgan Stanley Capital Group, Inc.
585 Broadway, 4th Floor
New York, NY 10036