



Agenda Date: 9/23/20  
Agenda Item: 2L

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

ENERGY

IN THE MATTER OF THE PETITION OF ATLANTIC )	ORDER DESIGNATING
CITY ELECTRIC COMPANY FOR APPROVAL OF )	COMMISSIONER, SETTING
THE SMART ENERGY NETWORK PROGRAM )	MANNER OR SERVICE AND BAR
AND COST RECOVERY MECHANISM AND )	DATE
OTHER RELATED RELIEF )	
)	DOCKET NO. EO20080541

**Parties of Record:**

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

BY THE BOARD

By Order dated February 19, 2020, the New Jersey Board of Public Utilities (“Board”) ordered three (3) of New Jersey’s electric distribution utilities to file or update a previously filed petition for an Advanced Metering Infrastructure (“AMI”) program by August 27, 2020.<sup>1</sup> In compliance with the AMI Order, on August 26, 2020, Atlantic City Electric Company (“ACE” or “Company”) filed a petition seeking approval of the Company’s plan to deploy an AMI system program throughout its service territory, the Smart Energy Network (“SEN”), including an associated cost recovery mechanism pursuant to N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1, and N.J.A.C. 14:3-2A (“Petition”).

In the Petition, the Company proposed to implement the SEN throughout its service territory over a 39-month period, and install approximately 565,000 advanced meters and related infrastructure commencing January 2021 through early 2024. Infrastructure deployment, including communications, information technology (“IT”) systems, and customer installations, would take approximately three (3) years to complete, with the initial meter and communications procurement phase taking place over the first 18 months. The Company also proposes not to offer an opt-out option to customers.

The Company estimated that the capital investment component of SEN will be approximately \$177.0 million, and proposed that approximately \$159.2 million be recovered through Rider IIP-SEN. ACE would also defer, as a regulatory asset, \$30.2 million of estimated incremental operations and maintenance (“O&M”) costs (net of O&M savings), and \$46 million in estimated

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<sup>1</sup>In re the Petition of Rockland Electric Company for Approval of an Advanced Metering Program and for Other Relief, BPU Docket No. ER16060524, Order dated February 19, 2020 (“AMI Order”).

net stranded costs. ACE proposed to recover the regulatory asset over a five (5)-year period in a future base rate case, and to record a carrying charge on the unrecovered balance of the regulatory asset equal to ACE's currently authorized rate of return of 7.08%. As proposed, Rider IIP-SEN would recover costs through a separate customer charge applicable to the following customer classes: Residential, Monthly General Service Secondary and Primary, Annual General Secondary and Primary, and Transmission.

The Company proposed to include the following categories of costs it believes are necessary to deliver the SEN to ACE customers in its capital cost recovery mechanism: smart meter and communications network equipment and infrastructure, IT infrastructure and equipment, and capitalized deployment costs.

The proposed return on net investment would be the weighted average cost of capital approved in the Company's most recent rate case. ACE proposed to recover the revenue requirement associated with the AMI program in an initial filing in May 1, 2022, twenty-one (21) months following commencement of the AMI program and semi-annually thereafter.

In the Petition, the Company also requested the following relief:

1. A waiver of the Board's meter replacement and testing regulations (N.J.A.C. 14:5-4.2, N.J.A.C. 14:5-4.3, and N.J.A.C. 14:5-4.5, among other provisions). The Company proposed to test only a sample of the legacy meters upon removal during deployment, as opposed to testing all of the legacy meters that are removed; and
2. A permanent waiver of the "door knock" requirement contained in N.J.A.C. 14:3-3A.2(d)(4) which requires ACE to "personally notify an adult occupant of the premises, or leave a sealed note in the event that no adult is on premises" prior to disconnection for non-payment. The Company proposed to retain all other steps and customer notifications in the disconnect process.

According to the Petition, ACE estimated the total three (3) year cumulative impact of Rider-SEN on the monthly bill for a typical residential electric customer using approximately 679 kWh per month will be an increase of \$4.27 or 3.27% above present rates.

## **DISCUSSION**

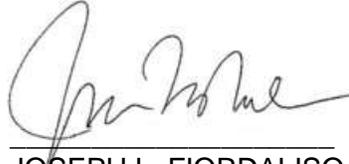
The Board determined that the Petition described above should be retained by the Board for hearing, and pursuant to N.J.S.A. 48:2-32, **HEREBY DESIGNATES** Commissioner Upendra Chivukula as the presiding officer with authority to rule on all motions that arise during the pendency of these proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues. Further, the Board **HEREBY DIRECTS** that any entity seeking to intervene or participate in this matter file the appropriate application with the Board by October 14, 2020. Any party wishing to file a motion for admission of counsel, pro hac vice, should do so concurrently with any motion to intervene or participate.

In addition, in compliance with the Board's Order in Docket No. EO20030254, all parties are **HEREBY DIRECTED** to serve all documents electronically. No hard copies shall be filed until the Board lifts the restrictions imposed in that Order. The Board **HEREBY DIRECTS** Staff to post this Order to the Board's website.

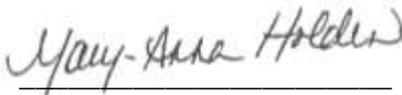
The effective date of this Order is September 30, 2020.

DATED: September 23, 2020

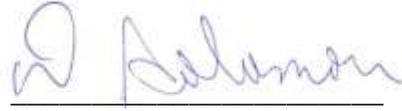
BOARD OF PUBLIC UTILITIES  
BY:



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PRESIDENT



MARY-ANNA HOLDEN  
COMMISSIONER



DIANNE SOLOMON  
COMMISSIONER

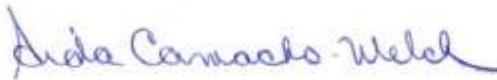


UPENDRA J. CHIVUKULA  
COMMISSIONER



ROBERT M. GORDON  
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH  
SECRETARY

**IN THE MATTER OF THE PETITION OF ATLANTIC CITY ELECTRIC COMPANY FOR  
APPROVAL OF THE SMART ENERGY NETWORK PROGRAM AND COST RECOVERY  
MECHANISM AND OTHER RELATED RELIEF  
BPU DOCKET NO. EO20080541**

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