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BOARD OF PUBLIC UTILITIES
MAIL ROOM

September 7, 2016

**VIA FEDERAL EXPRESS and
ELECTRONIC MAIL**

irene.asbury@bpu.nj.gov
board.secretary@bpu.nj.gov

Irene Kim Asbury, Esquire
Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
P.O. Box 350
Trenton, New Jersey 08625-0350

RE: In the Matter of Atlantic City Electric Company's Verified Petition to Reconcile Costs Associated with Its Residential Controllable Smart Thermostat Program for the Period from June 1, 2015 through May 31, 2016 and to Maintain Its Rider RGGI Recovery Charge for the Period October 1, 2016 through May 31, 2017
BPU Docket No. ER16090846

Dear Secretary Asbury:

On behalf of Atlantic City Electric Company ("ACE" or the "Company"), enclosed herewith for filing are three conformed copies of a Verified Petition and supporting Exhibits seeking to reconcile costs associated with ACE's Residential Controllable Smart Thermostat Program (the "Program") for the period June 1, 2015 through May 31, 2016, and to maintain its existing Rider RGGI recovery charge associated with the Program for the period October 1, 2016 through May 31, 2017.¹

While the Company respectfully requests that the relief requested in this Petition be granted and effective for bills rendered on and after October 1, 2016, ACE acknowledges that the filing date makes an October 1st implementation/effective date unlikely. Moreover, inasmuch as this filing proposes no increase in the Rider RGGI rate currently associated with the Program (\$0.000000), ACE's customers will not be negatively impacted and local public hearings will not be required.

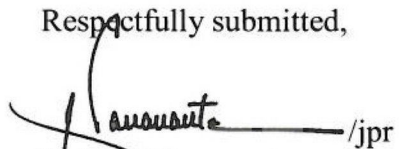
¹ This filing has been made consistent with the Board's Order Waiving Provisions of N.J.A.C. 14:4-2, N.J.A.C. 14:17-4.2(a), N.J.A.C. 14:1-1.6(c), and N.J.A.C. 14:17-1.6(d), issued on July 29, 2016 in connection with *In the Matter of the Board's E-Filing Program*, BPU Docket No. AX16020100.

CWS
LEGAL
DAG
RPA
S. Peterson
A. Reid
- B. Rocque-Romaine
- J. May
- R. Schulteis
ENERGY (Toc)

Irene Kim Asbury, Esquire
September 7, 2016
Page 2

Thank you for your consideration and courtesies. Feel free to contact me with any questions or if I can be of further assistance.

Respectfully submitted,

/jpr
Philip J. Passanante
An Attorney at Law of the
State of New Jersey

Enclosure

cc: Service List

SEP 08 2016

IN THE MATTER OF ATLANTIC CITY ELECTRIC COMPANY'S VERIFIED PETITION TO RECONCILE COSTS ASSOCIATED WITH ITS RESIDENTIAL CONTROLLABLE SMART THERMOSTAT PROGRAM FOR THE PERIOD FROM JUNE 1, 2015 THROUGH MAY 31, 2016 AND TO MAINTAIN ITS RGGI RECOVERY CHARGE FOR THE PERIOD OCTOBER 1, 2016 THROUGH MAY 31, 2017

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
BPU DOCKET NO. _____**

VERIFIED PETITION
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BOARD OF PUBLIC UTILITIES
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ATLANTIC CITY ELECTRIC COMPANY (hereinafter referred to as "Petitioner," "ACE" or the "Company"), a public utility corporation of the State of New Jersey , respectfully requests that the Board of Public Utilities (the "Board" or "BPU") accept this Petition (the "Petition") for the reconciliation of the period from June 1, 2015 through May 31, 2016 of its Residential Controllable Smart Thermostat Program ("RCSTP" or the "Program"), and to maintain the current RGGI Recovery Charge for the RCSTP at \$0.000000, as previously approved by the Board for the RCSTP by Order dated April 15, 2015 in BPU Docket No. ER14070832 (the "April 2015 Order").

BACKGROUND AND PROCEDURAL HISTORY

By way of background, the Board first issued an Order with respect to the Company's RCSTP on or about July 31, 2009 (the "Initial Order"). The Initial Order adopted a Stipulation dated June 30, 2009 (the "Initial Stipulation")¹, entered into by and among the Company, the Division of Rate Counsel ("Rate Counsel"), and Board Staff ("Staff") (collectively referred to as the "Parties"). The Initial Order authorized the Company to establish the RCSTP and to roll-out the Program over an approximate four year period. Petitioner's stated objective was to enroll

¹ The Initial Stipulation and Initial Order, along with the 2011 Petition and 2012 Petition, were captioned with BPU Docket Nos. EO08050326, EO08080543, and EO07110881.

42,200 residential customer participants by the conclusion of the initial four year roll-out period, some of whom would have multiple controllable demand response devices installed at their residential premises, in order to support ACE's ability to reduce the Company's capacity demands by 50.64 MWs by the end of calendar year 2014. In addition to reducing the Company's demand for electric capacity to meet its customers' energy requirements, the RCSTP would enable ACE to participate in available PJM energy and capacity auctions that would provide economic support for the costs associated with establishing and maintaining the Program.

On April 12, 2011, ACE filed its 2011 Petition (the "2011 Petition") updating the status of the RCSTP. The 2011 Petition did not seek a modification to the Company's Regional Greenhouse Gas Recovery ("Rider RGGI") charge with respect to the RCSTP. On April 11, 2012, the Company filed its 2012 Petition (the "2012 Petition"), which filing provided a further update on the Program's status, and sought an increase in the Rider RGGI charge to recover costs associated with the RCSTP. By Stipulation dated March 26, 2013 (the "March 2013 Stipulation"), the Parties recommended approval of the Company's 2011 Petition and 2012 Petition, as modified therein. The March 2013 Stipulation² provided that, within 60 days following the publication of the results of the final PJM 2017/2018 Base Residual Auction ("BRA") in May 2014, the Company would file a final calculation of the PJM revenue credits received, expected PJM revenue credits, and interest payments due its customers. To the extent that there is deficiency based on the final calculation above, such deficiency would immediately be credited to the RGGI deferred balance. Any deficiency would not be recovered from ACE's customers. All PJM revenue credits, including any deferred amounts, would be credited to

² The March 2013 Stipulation and the Board's May 29, 2013 Order approving same were captioned under BPU Docket Nos. ER12050426 and ER11060379.

customers no later than May 31, 2018. By Order dated May 29, 2013, the Board approved the March 2013 Stipulation.

Pursuant to a Petition filed with the Board on or about July 5, 2013 (the “July 2013 Petition”), the Company advised the Board and the Parties that ACE expected to complete the initial RCSTP roll-out by May 31, 2014. By Stipulation dated September 5, 2013 (the “September 2013 Stipulation”)³, the Parties accepted the Company’s July 2013 Petition, and requested the Board issue an Order approving same. The September 2013 Stipulation indicated that the Company would submit a further petition seeking the Board’s approval of a four year extension of the Program. By Order dated September 18, 2013 (the “September 2013 Order”), the Board approved the Stipulation of the Parties.

On or about October 1, 2013, consistent with the September 2013 Stipulation and and September 2013 Order, the Company filed a Verified Petition (the “October 2013 Petition”) requesting the Board’s authorization to extend the RCSTP for an additional four year period commencing June 1, 2014 and ending on May 31, 2018 at the 42,200 active participant level, and to reduce the applicable Rider RGGI rate effective June 1, 2014. The Parties entered into a Stipulation dated March 26, 2014 (the “March 2014 Stipulation”) recommending that the Board approve the Company’s October 2013 Petition. By Order dated April 24, 2014 (the “April 2014 Order”),⁴ the Board approved the March 2014 Stipulation.

On or about July 31, 2014, the Company filed its Petition (the “July 2014 Petition”) seeking to reconcile the initial four-year term of the RCSTP and reduce the applicable Rider RGGI charge for the Program to \$0.000000. By Stipulation dated April 2, 2015 the Parties

³ The September 2013 Stipulation and the September 2013 Order were captioned under BPU Docket No. ER13070627.

⁴ The March 2014 Stipulation and the April 2014 Order were captioned under BPU Docket No. ER13100907.

recommended to the Board that the July 2014 Petition be approved, and that the RCSTP be extended for an additional one year period to May 31, 2019, in order that the Company could timely submit an offer in the then intended May 2015 PJM Base Residual Auction (“BRA”)⁵. Pursuant to its April 2015 Order, the Board approved the April 2, 2015 Stipulation as recommended by the Parties.

Finally, on or about August 19, 2015 the Company filed a Petition (the “August 2015 Petition”) seeking to reconcile costs associated with its RCSTP for the period from June 1, 2014 through May 31, 2015, and maintaining the existing Rider RGGI charge associated with the Program at its then current level of \$0.000000 per kwh for the period October 1, 2015 through May 31, 2016. Subsequently, on October 5, 2015 the Company filed a First Amendment to the August 2015 Petition (the "October 2015 Amendment") seeking to extend the Program for an additional year beyond the Board authorized termination date for the Program of May 31, 2019, as previously approved by the April 2015 Order. By Stipulation dated February 29, 2016 (the “February 2016 Stipulation”), the Parties recommended to the Board that it approve the August 2015 Petition *and* the October 2015 Amendment, thereby extending the Program’s authorization for an additional year to May 31, 2020. By Order dated March 18, 2016 in BPU Docket No. ER15080971 (the “March 2016 Order”), the Board approved the February 2016 Stipulation.

Accordingly, in support hereof, Petitioner states as follows:

1. The Company is engaged in the purchase, transmission, distribution, and sale of electric energy to residential, commercial, and industrial customers. Petitioner’s service territory

⁵ By Order dated April 24, 2015 in Docket No. ER15-1470-000, the Federal Energy Regulatory Commission approved PJM’s request for waiver, re-scheduling of the May 2015 BRA to the week of August 10, 2015.

comprises eight counties located in southern New Jersey and includes approximately 547,000 customers.⁶

2. Pursuant to the Initial Order, as well as subsequent related Orders of the Board, the Company has been actively engaged in recruiting participants to the Program. Based upon the results of the PJM auctions and other commitments made by ACE with respect to PJM revenues related to the RCSTP, and costs to maintain the Program at the requisite active participant level, the Company is proposing to continue the Rider RGGI charge applicable to the RCSTP through May 31, 2017 at the current rate of \$0.000000 per kWh.

3. Attached hereto is **Exhibit A**. Included on page 5 of **Exhibit A** is a schedule of the projected costs associated with achieving and maintaining the RCSTP active participant level at or above 42,200 for the program year commencing on or about June 1, 2016 through May 31, 2017.

4. **Exhibit A** contains a compilation of schedules setting forth the Petitioner's calculations in support of the Rider RGGI charge of \$0.000000 per kWh through May 31, 2017. Included as part of **Exhibit A** is what has previously been referred to as "Table 6", which the Company, as part of the September 2013 Stipulation, had agreed to provide as part of each filing it submits with respect to the RCSTP. Table 6 has been updated to reflect actual PJM revenues received and associated interest. **Exhibit A**, page 1, Table 2 and page 2, Table 3, also set forth the Company's 2016 - 2017 projections for the costs and revenues associated with the continuation of the RCSTP for the period June 1, 2016 through May 31, 2017. Included in **Exhibit A**, page 3, Table 4, is the true up of the Rider RGGI for the period June 1, 2015 through September 30, 2016, with actual data through May 31, 2016 and estimated data thereafter.

⁶ Petitioner is a direct, wholly owned subsidiary of Pepco Holdings LLC ("PHLLC"), a limited liability company under the laws of the State of Delaware. PHLLC is an indirect, wholly owned subsidiary of Exelon Corporation, a Pennsylvania corporation.

Pursuant to the May 2013 Order, Petitioner's commitment to credit customers for PJM revenues derived from the Program was determined to be \$9,129,359. Additionally, ACE has credited customers with an additional \$300,000. With the inclusion of the results of the 2016/2017 BRA, the 2017/2018 BRA, the 2018/2019 BRA, and the 2019/2020 BRA, the amount the Company is committed to credit customers, inclusive of the aforementioned \$300,000, as revenues received from PJM to offset Program costs, is \$19,522,001 (*see* Table 6), plus interest of \$20,007, for a total credit to customers of \$19,542,008. Finally, the Company has previously advised the Board and the Parties that it has received and credited to Program costs \$6,931,911 in Federal stimulus funds pursuant to the American Recovery and Reinvestment Act of 2009.

5. **Exhibit B** provides the relevant information for each of the currently applicable Minimum Filing Requirements, as more fully set forth in the Initial Stipulation.

6. **Exhibit C** sets forth the Rider RGGI tariff for the RCSTP for the period October 1, 2016 through May 31, 2017. This exhibit has assumed that the filing will be implemented – and the rate will become effective – on October 1, 2016.⁷

7. This Petition respectfully requests Board authorization to continue the Company's Rider RGGI charge with respect to the RCSTP at the rate set forth in **Exhibit C** for bills to be rendered on and after October 1, 2016.

8. Petitioner respectfully requests that the Board retain jurisdiction of this matter. In light of the numerous conferences, discussions, and discovery among the Parties over the past five-plus years with respect to the RCSTP, as well as the fact that there will be no increase in any charges to customers as a result of approval of this Petition, the Company respectfully submits

⁷ Petitioner acknowledges that it is unlikely that the Board will consider this update in time for an October 1, 2016 implementation and effective date. Inasmuch as the Rider RGGI charge with respect to the Program is estimated to remain at \$0.000000, ACE's customers will not be negatively impacted.

that evidentiary hearings will not be required or necessary to incorporate the proposed RCSTP costs in the Rider RGGI.

9. In light of the fact that Petitioner is not seeking an increase to its Rider RGGI charge with respect to this Program, local public hearings will not be required in connection with this filing.

10. Communications and correspondence regarding this matter should be sent to Petitioner's counsel at the following address:

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with copies to the following representatives of the Company:

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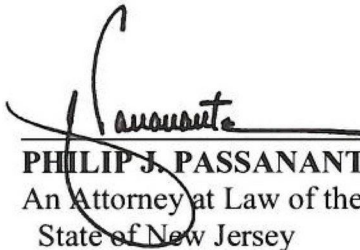
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WHEREFORE, the Petitioner, **ATLANTIC CITY ELECTRIC COMPANY,**
respectfully requests that the Board of Public Utilities issue an Order as follows:

- A. finding that the Company is authorized to implement recovery of its cost estimates associated with the RCSTP at the level set forth in its Petition through the Rider RGGI tariff, pursuant to the cost recovery mechanism as approved by the Board in its July 31, 2009 Order, and that such estimated RCSTP costs are just and reasonable; and
- B. for such other or further relief as the Board may deem just and reasonable.

Respectfully submitted,
ATLANTIC CITY ELECTRIC COMPANY

Dated: September 7, 2016


_____/jpr
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State of New Jersey

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