

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3th Floor, Suite 310
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

I/M/O 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. 48:2-21.1 AND FOR APPROVAL OF A GRID)
RESILIENCY INITIATIVE AND COST RECOVERY)
RELATED THERETO, AND FOR OTHER APPROPRIATE)
RELIEF (2016) - PHASE II)

PREHEARING ORDER
DOCKET NO. ER16030252

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 M. Stern, Esq.- Counsel for Unimin – Intervenor
Martin Rothfelder, Esq. - Counsel for PSE&G – Participant
Raghu Murthy, Esq. – Environmental Defense Fund- Intervenor

BY COMMISSIONER UPENDRA J. CHIVUKULA:

On March 22, 2016, Atlantic City Electric Company (“ACE” or “Company”) filed a petition for approval of an increase in base rates for electric service and the authority to implement a grid resiliency program, the PowerAhead program, with an associated cost recovery mechanism. On April 11, 2016, the matter was transferred to the Office of Administrative Law (“OAL”) as a contested case. On August 19, 2016, the parties reached a settlement on the Company’s revenue requirement and associated base rate case issues. By BPU Order dated August 24, 2016 (“August Order”), the Board adopted the stipulation of settlement submitted by the parties and directed that the PowerAhead program matter be considered in a Phase II review retained by the Board. The August Order designated me as the presiding Commissioner with authority to rule on all motions that arise during the proceeding, and to set a schedule that will secure a just and expeditious determination of the issues.

Accordingly, I **HEREBY ISSUE** the following as the prehearing order for this matter:

1. **NATURE OF PROCEEDINGS AND ISSUES TO BE RESOLVED:**

In this proceeding, Atlantic Electric is seeking authority to implement a grid resiliency program with a cost recovery mechanism. The Company proposes to implement a capital investment of \$176 million over a five year period.

Issues to be Resolved

1. The prudence, cost effectiveness and cost efficiency of the PowerAhead program.
2. The reasonableness and lawfulness of the proposed cost recovery mechanism.

2. **PARTIES AND THEIR DESIGNATED ATTORNEYS OR REPRESENTATIVES:**

PARTIES AND THEIR DESIGNATED ATTORNEYS OR REPRESENTATIVES:

Counsel for Petitioner:

Philip J. Passanante, Esq.
Assistant General Counsel
Atlantic City Electric Co.
500 Wakefield Dr.
P.O. Box 6066
Newark, DE 19714-6060
(609) 909-7034
Philip.Passanante@pepcoholdings.com

Colleen Foley, Esq.
Saul Ewing LLP
One Riverfront Plaza
Suite 1520
Newark, N.J. 07102
(973) 286-6711
cfoley@saul.com

Counsel for the Staff of the BPU:

Alex Moreau, Deputy Attorney General
Veronica Beke, Deputy Attorney General
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, N.J. 07101
(973) 648-3441
Alex.Moreau@dol.lps.state.nj.us
Veronica.Beke@dol.lps.state.nj.us

Counsel for Rate Counsel:

Stefanie Brand, Director
Ami Morita, Esq.
Diane Schulze, Esq.
Kurt Lewandowski, Esq.
James Glassen, Esq.
Division of Rate Counsel
140 East Front Street
4th Floor
P.O. Box 003
Trenton, N.J. 08625
(609) 984-1460
sbrand@rpa.state.nj.us
amorita@rpa.state.nj.us
dschulze@rpa.state.nj.us
klewando@rpa.state.nj.us
glassen@rpa.state.nj.us

Counsel for Additional Parties:

Unimin - Intervenor
Bradford M. Stern, Esq.
22 Lakeview Hollow
Cherry Hill, N.J. 08003
(856) 520-6806
(856) 375-2151
brad@bmsternlaw.com

PSE&G – Participant
Martin Rothfelder, Esq.
Associate General Regulatory Counsel
PSEG Corp.
80 Park Plaza – 15
Newark, N.J. 07102
(973) 430-6479
(973) 430-5983
Martin.rothfelder@pseg.com

Joseph F. Accardo Jr, Esq.
PSEG Services Corporation
80 Park Plaza, T5G
P. O. Box 570
Newark, New Jersey 07102
Phone: (973) 430-5811

Environmental Defense Fund (EDF)- Intervenor
(Attorney substitution received October 17, 2016)

Aaron Kleinbaum, Esq.
Raghu Murthy, Esq.
Eastern Environmental Law Center
50 Park Place, Suite 1025
Newark, NJ 07102
akleinbaum@easternenvironmental.org
rmurthy@easternenvironmental.org

John Finnigan, Esq.
121 Winding Brook Lane
Terrace Park, OH 45174
(513) 226-9558
jfinnigan@edf.org

No change in designated trial counsel shall be made without leave if such change will interfere with the date for hearing. If no specific counsel is set forth in this Order, any partner or associate may be expected to proceed with evidentiary hearings on the agreed dates.

3. SCHEDULED HEARING DATES, TIME AND PLACE:

The evidentiary hearings will be held at 44 South Clinton Avenue, Trenton, NJ commencing at 10 AM on Friday, February 10, 2017¹ and Friday March 6, 2017, if necessary.

The parties shall adhere to the following procedural schedule:

See EXHIBIT A (Attached).

4. STIPULATIONS:

None at this time.

5. SETTLEMENT:

The parties are encouraged to engage in settlement discussions. Four technical/settlement conferences have been scheduled: October 24, 28, November 2, and December 14, 2016. Additional settlement discussions will be scheduled, if necessary, at a later date.

¹ Additional hearing dates may be added, if necessary, as they become available on the calendar.

6. AMENDMENTS TO PLEADINGS:

None at this time

7. DISCOVERY AND DATES FOR COMPLETION:

Petitioner will update and complete discovery in accordance with paragraph 3 above.

8. ORDER OF PROOFS:

Petitioner bears the burden of proof and shall proceed first followed by Rate Counsel, Intervenor and Board Staff.

9. EXHIBITS MARKED FOR IDENTIFICATION:

AC-1- Certification and Proofs of Publication.

10. EXHIBITS MARKED IN EVIDENCE:

All exhibits which the parties intend to use in this matter shall be pre-marked, and a list of the premarked exhibits shall be provided to the undersigned at the beginning of the hearing. Petitioner's exhibits shall be marked P-1, P-2, etc.; Board Staff exhibits shall be marked as S-1, S-2, etc.; Rate Counsel exhibits shall be marked RC-1, RC-2, etc.; EDF exhibits shall be marked EDF-1, EDF-2, etc.; Joint exhibits as J-1, J-2, etc. All Exhibits for admission shall be on 3 hole punched paper.

11. ESTIMATED NUMBER OF FACT AND EXPERT WITNESSES:

Petitioner has prefiled the written testimony of witnesses:

Mike Sullivan
Kevin McGowan

Rate Counsel will present witnesses and shall prefile testimony consistent with this order of:

Andrea Crane	PowerAhead Cost-Recovery Mechanism
Gregory Booth	PowerAhead Engineering Analysis
Max Chang	PowerAhead/Cost Benefit Analysis

EDF witnesses TBD

12. MOTIONS:

None pending.

13. OTHER SPECIAL MATTERS:


None at this time

Consistent with the Board's August Order, I **HEREBY DIRECT** that all documents be served by electronic mail, while still providing hard copies to the Board for those documents which must be filed with the Board, and a hard copy to each party unless otherwise requested.

I **HEREBY DIRECT** that this Order be posted on the Board's website.

This provisional ruling is subject to ratification or other alteration by the Board as it deems appropriate during the proceedings in this matter.

DATED: October 18, 2016

A handwritten signature in black ink, appearing to read 'Upendra J. Chivukula', written over a horizontal line.

Upendra J. Chivukula
Commissioner

Exhibit A

I/M/O 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. 48:2-21.1 and FOR APPROVAL OF A GRID
RESILIENCY INITIATIVE AND COST RECOVERY RELATED THERETO, AND FOR OTHER
APPROPRIATE RELIEF (2016)- PHASE II
DOCKET NO. ER16030252

October 14, 2016	Company to identify portions of petition and testimony, and Company and Rate Counsel to identify data responses relevant to PowerAhead and provide same to all parties. Company to provide Phase II relevant testimony and data responses to EDF.
October 24, 2016	EDF to propound discovery requests on the Company
October 24, 2016	Technical and /or Settlement Conference, Room 2W, 44 South Clinton Avenue, Trenton, NJ, @ 10:00 AM, if necessary
October 28, 2016	Technical and/or Settlement Conference, Room 2W, 44 South Clinton Avenue, Trenton, NJ, @ 10:00 AM, If necessary
October 31, 2016	Responses to EDF discovery requests due
November 2, 2016	Technical and /or Settlement Conference, Room 2W, 44 South Clinton Avenue, Trenton, NJ, @ 1:00 PM, if necessary
November 14, 2016	Rate Counsel/Intervenor Direct Testimony filed
December 2, 2016	Discovery requests propounded on Direct Testimony
December 14, 2016	Settlement Conference, Room 2W, 44 South Clinton Ave, Trenton, NJ, @ 10:00 AM, if necessary
December 16, 2016	Responses to discovery requests on Direct Testimony due
January 6, 2017	Rebuttal Testimony filed by all parties
January 20, 2017	Discovery requests on Rebuttal Testimony propounded
February 3, 2017	Responses to Rebuttal Testimony discovery requests are due
February 10, 2017	Evidentiary Hearing, with live Surrebuttal, 44 South Clinton Avenue, Multi-Purpose Room, 1st Floor, 44 South Clinton Avenue, NJ
March 6, 2017	Evidentiary Hearings, with live Surrebuttal, 44 South Clinton Avenue, Multi-Purpose Room, 1st Floor, 44 South Clinton Avenue, NJ, if necessary
	Initial Briefs TBD
	Reply Briefs TBD

I/M/O 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. 48:2-21.1 and FOR APPROVAL OF A GRID
RESILIENCY INITIATIVE AND COST RECOVERY RELATED THERETO, AND FOR OTHER
APPROPRIATE RELIEF (2016)- PHASE II
DOCKET NO. ER16030252

Service List

<u>Atlantic City Electric Company</u>	
Philip J. Passanante, Esq. Associate General Counsel ACE- 92DC42 500 North Wakefield Drive P.O. Box 6066 Newark, DE 19714-6066 Philip.passanante@pepcoholdings.com	Roger E. Pederson Manager, NJ Regulatory Affairs, External Issues and Compliance ACE-63ML38 5100 Harding Highway Mays Landing, NJ 08330 Roger.pederson@pepcoholdings.com
Colleen A. Foley, Esq. Saul Ewing LLP One Riverfront Plaza Suite 1520 Newark, NJ 07102 cfoley@saul.com	Wendy Stark, Esq. Deputy General Counsel Pepco Holdings Inc. – EP1132 701 Ninth Street, NW Washington DC 20068-0001 WESark@pepcoholdings.com
Mindy L. Herman Director Regulatory Services Pepco Holdings Inc. – EP9020 701 Ninth Street, NW Washington DC 20068-0001 mlherman@pepcoholdings.com	
<u>Division of Law & Public Safety</u> 124 Halsey Street P.O. Box 45029 Newark, NJ 07101-45029	
Caroline Vachier, DAG Caroline.vachier@dol.lps.state.nj.us	Alex Moreau, DAG Alex.moreau@dol.lps.state.nj.us
Veronica Beke, DAG Veronica.beke@dol.lps.state.nj.us	Geoffrey Gersten Geoffrey.gersten@dol.lps.state.nj.us

<p align="center">Board of Public Utilities 44 South Clinton Avenue, 3rd Floor Suite 314 P.O. Box 350 Trenton, NJ 08625-0350</p>	
Irene Kim Asbury, Esq. Secretary of the Board Irene.asbury@bpu.nj.gov	Cynthia Covie, Esq. Chief Counsel Cynthia.covie@bpu.nj.gov
Paul Flanagan, Esq. Executive Director Paul.flanagan@bpu.nj.gov	Stacy Peterson, Deputy Director Division of Energy Stacy.peterson@bpu.nj.gov
Bethany Rocque-Romaine, Esq. Chief Counsel's Office Bethany.romaine@bpu.nj.gov	Henry Rich Division of Energy Henry.rich@bpu.nj.gov
Robert Schultheis Division of Energy Robert.schultheis@bpu.nj.gov	John Masiello Division of Energy John.masiello@bpu.nj.gov
Scott Sumliner Division of Energy Scott.sumliner@bpu.nj.gov	Mark Beyer, Chief Economist Mark.beyer@bpu.nj.gov
Andrea Reid Division of Energy Andrea.reid@bpu.nj.gov	Dr. Son Lin Lai Office of the Economist Son.lai@bpu.nj.gov
Jackie O'Grady Office of the Economist jackie.ograd@bpu.state.nj.us	Beverly Tyndell-Broomfield Division of Energy Beverly.tyndell@bpu.nj.gov
Christine Lin Christine.lin@bpu.nj.gov	John Zarzycki Division of Energy John.zarzycki@bpu.nj.gov

<p align="center">Division of Rate Counsel 140 East Front Street, 4th Floor P.O. Box 003 Trenton, NJ 08625-0003</p>	
Stefanie A. Brand, Esq., Director sbrand@rpa.state.nj.us	Ami Morita, Esq. amorita@rpa.state.nj.us
Diane Schulze, Esq. dschulze@rpa.state.nj.us	Brian Lipman, Esq. blipman@rpa.state.nj.us
Brian Weeks, Esq. bweeks@rpa.state.nj.us	Lisa Gurkes lgurkes@rpa.state.nj.us
Andrea Crane The Columbia Group P.O. Box 810 Georgetown, CT 06829 ctcolumbia@aol.com	Max Chang Robert Fagen Synapse Energy Economics, Inc. 482 Massachusetts Avenue, Suite 2 Cambridge, MA 02139 mchang@synapse-energy.com
Gregory Booth Shannon King PowerServices, Inc. 1616 East Millbrook Road Suite 210 Raleigh NC 27609 gbooth@powerservices.com sking@powerservices.com	Matthew I. Kahal 1108 Pheasant Crossing Charlottesville, MA 22901 mkahal@exeterassociates.com
David Peterson Chesapeake Regulatory Consultants Inc. 10351 Southern Maryland Blvd. Suite 202 Dunkirk, MD 20754-9500 davep@chesapeake.net	Susan Baldwin P.O. Box 392 Newburyport, MA 01950 smbaldwinconsulting@gmail.com

<p align="center">PSE&G – Participant PSEG Services Corporation 80 Park Place, T5G Newark, NJ 07102</p>	
Joseph Accardo, Esq. Joseph.accardo@pseg.com	Martin Rothfelder, Esq. Martin.rothfelder@pseg.com
<p align="center"><u>Unimin – Intervenor</u></p>	
Brad Stern, Esq. Law Office of Brad Stern 22 Lake View Hollow Cherry Hill, NJ 08003 brad@bmsternlaw.com	
<p align="center"><u>Environmental Defense Fund – Intervenor</u></p>	
Raghu Murthy Eastern Environmental Law Center 50 Park Place, Suite 1025 Newark, NJ 07102 rmurthy@easternenvironmental.org	Aaron Kleinbaum Eastern Environmental Law Center 50 Park Place, Suite 1025 Newark, NJ 07102 akleinbaum@easternenvironmental.org
John Finnigan, Esq. Environmental Defense Fund 128 Winding Brook Lane Terrace Park, OH 45174 513.226.9558 jfinnigan@edf.org	Mary Barber Environmental Defense Fund 257 Park Avenue South New York, NY 10010 mbarber@edf.org