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March 6, 2017

**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

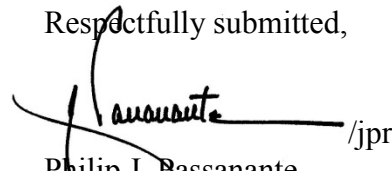
RE: In the Matter of Atlantic City Electric Company's Verified Petition to Reconcile Costs Associated with Its Residential Controllable Smart Thermostat Program for the Period June 1, 2015 through May 31, 2016 and to Maintain Its Rider RGGI Recovery Charge for the Period October 1, 2016 through May 31,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

Dear Secretary Asbury:

Attached hereto for filing are three conformed copies of a fully executed Stipulation of Settlement (the "Stipulation") in connection with the above-referenced matter.¹ It is Atlantic City Electric Company's understanding that the Stipulation will be placed on the agenda for consideration at the regular meeting currently scheduled for Friday, March 24, 2017.

Thank you for your cooperation 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

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.

**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 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**

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
STIPULATION OF SETTLEMENT
BPU DOCKET NO. ER16090846**

APPEARANCES:

Philip J. Passanante, Esq., Assistant General Counsel, on behalf of Petitioner, Atlantic City Electric Company;

Alex Moreau and Veronica Beke, Deputy Attorneys General, on behalf of the Staff of the New Jersey Board of Public Utilities (Christopher S. Porrino, Attorney General of New Jersey); and

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

This Stipulation of Settlement (the "Stipulation") is hereby made and executed as of this 2nd day of March, 2017, by and among Atlantic City Electric Company ("ACE" or the "Company"), the Staff of the New Jersey Board of Public Utilities ("Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel") (individually, a "Party" and collectively, the "Parties" or the "Signatory Parties"), in settlement of all factual and legal issues pertaining to the Company's September 7, 2016 Verified Petition, as fully described in the above caption (the "2016 Reconciliation Petition").

Pursuant to the New Jersey Board of Public Utilities' (the "Board") Order dated July 31, 2009 (the "2009 Order"),¹ which approved a stipulation of the Parties (the "2009 Stipulation"), the Company is required to reconcile annually the costs and revenues associated with the Program with the Board and the Parties. The specific details of the Program, including the related background information leading to its development and implementation, are fully set forth in the 2009 Stipulation, as well as the Orders issued in this regard, and as such, they are not repeated, but are deemed to be incorporated in this Stipulation.

If approved, the 2016 Reconciliation Petition will maintain the current Regional Greenhouse Gas Initiative Recovery Charge (referred to herein as "Rider RGGI" or the "RGGI Charge") for the Program at the previously approved rate of \$0.000000 per kWh; therefore, public notice was not required to be published in connection with these filings and no public hearing was necessary. The Signatory Parties join in recommending that the Board issue an Order Approving this Stipulation based upon the following facts and stipulated issues.

BACKGROUND

The RCSTP was approved with an expectation that the Program would start in March 2010 with an initial four year roll out period, during which time ACE was required to offer the Program to all of its eligible customers and connect and maintain approximately 42,200 active participants, with approximately 42,300 qualifying units, with participants using either thermostats or switches, by mid-year 2014. Such demand response ("DR") devices can be remotely managed by the Company in order to reduce electric usage in customers' homes during periods of peak electric demand. ACE agreed to register, nominate, and/or bid² each year's expected Megawatt reduction resulting from the RCSTP into PJM's Base Residual and

¹ Board Order dated July 31, 2009 in BPU Docket Nos. EO08050326, EO08080543 and EO07110881.

²The term "bid" as used herein shall indicate what the Company will "offer" into the relevant PJM auctions.

Incremental Auctions in time to meet PJM registration deadlines, beginning and including registration for summer 2010 auctions. The 2009 Order noted that revenues from participation in PJM DR programs and market-based opportunities would be used to off-set Program costs and mitigate the impact on customers' bills.

ACE was required to provide an annual update filing to the Board and the Parties with respect to: (1) the progress of customer acceptance of the RCSTP and the number of installations of the relevant devices achieved to date; (2) the status of PJM revenue credits associated with the RCSTP; (3) the status of Federal Stimulus Award monies associated with the RCSTP received by the Company; (4) the impact of each of the above on the overall cost of the Program relative to the original cost estimate for the RCSTP, along with the resultant cost/benefit of the Program; and (5) to reset, if necessary, the Rider RGGI associated with the RCSTP for the upcoming program year in order for ACE to recover its costs of Program implementation.

On March 31, 2010, the Company filed its first update Petition³ with respect to the progress of the RCSTP establishing the initial RGGI rates for the RCSTP. On April 12, 2011, the Company filed its second update Petition with respect to the progress of the RCSTP.⁴ ACE proposed no change in the RGGI Charge in its April 2011 filing. On April 11, 2012 (the "April 2012 Petition"),⁵ the Company filed its third update Petition with respect to the progress of the RCSTP as required by the 2009 Order. In its April 2012 Petition, ACE proposed certain changes to its then-existing Rider RGGI for the RCSTP.

Following the filing of the April 2012 Petition, the Parties submitted discovery to the Company with respect to the information included in the petition. Specifically, Staff and Rate Counsel questioned why the Company had not submitted bids in certain PJM auctions for which

³ The March 31, 2010 Petition was assigned BPU Docket No. ER10050351.

⁴ The April 12, 2011 Petition was assigned BPU Docket No. ER11060379.

⁵ The April 11, 2012 Petition was assigned BPU Docket No. ER12050426.

the RCSTP was eligible. By stipulation dated April 11, 2013 (the “April 2013 Stipulation”), which Stipulation was approved by Board Order dated May 29, 2013 (the May 2013 Order”), the Company agreed to make certain revenue credit adjustments associated with the RCSTP in order to provide its customers with the full value of PJM auction revenues to which they are entitled, and to make an additional revenue credit of \$300,000. In compliance with the 2009 Order, and consistent with the requirements of the April 2013 Stipulation and related May 2013 Order, the Company, on July 5, 2013 submitted its Fourth RCSTP Update Petition (the “July 2013 Petition”) ⁶, covering the program costs and revenues for the Program year commencing on June 1, 2012 through May 31, 2013.

In 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”), the Parties 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 September 2013 Stipulation of the Parties.

On or about October 1, 2013, consistent with the September 2013 Stipulation and Order, the Company filed a Verified Petition (the “October 2013 Petition”) ⁷ requesting the Board’s authorization to extend the RCSTP for an additional four year period commencing June 1, 2014 at the 42,200 active participant level, and to reduce the applicable RGGI charge effective June 1, 2014 to \$0.000010 per kWh. The Parties entered into a stipulation dated March 26, 2014 (the “March 2014 Stipulation”), recommending that the Board approve the Company’s October 2013

⁶ The July 5, 2013 Petition was assigned BPU Docket No. ER13070627.

⁷ The October 1, 2013 Petition was assigned BPU Docket No. ER13100907.

Petition in those regards. By Order dated April 24, 2014 (the “April 2014 Order”), the Board approved the March 2014 Stipulation. The April 2014 Order authorizes the Company to operate the RCSTP until May 31, 2018.

On or about July 30, 2014, the Company filed a Reconciliation Petition (the “2014 Reconciliation Petition”)⁸ in conformance with the requirements of the 2009 Order, in order to reconcile the results of the four-year implementation of the RCSTP. Based upon the data provided in support of the reconciliation of the initial four year implementation cost for the RCSTP, as well as the status of PJM revenue credits associated with the RCSTP, and the final accounting of the Federal Stimulus Award monies associated with the RCSTP received by the Company, the 2014 Reconciliation Petition sought a further reduction in the current RGGI charge of \$0.000010 per kWh for the RCSTP to \$0.000000 per kWh. Additionally, ACE advised the Parties that it wished to submit a bid in the PJM Base Residual Auction (“BRA”) scheduled to be conducted in May 2015, which auction had a performance period commencing on June 1, 2018 and continuing through May 31, 2019. However, that performance period was beyond the BPU authorized termination date for the RCSTP. The Company indicated that, without an extension of the RCSTP covering the performance period for the May 2015 BRA, it could not submit an offer in that auction. On April 2, 2015, the Parties entered into a stipulation (the “April 2015 Stipulation”) recommending the Board approve the Company’s proposed reduction in the Rider RGGI charge for the Program to \$0.000000 per kWh, and further that the requested extension of the Program to May 31, 2019 be authorized. By Order dated April 15, 2015, the Board approved the April 2015 Stipulation as recommended by the Parties.

On or about August 19, 2015, the Company filed its 2015 Initial Reconciliation Petition in conformance with the requirements of the 2009 Order. Based upon the data provided in

⁸ The 2014 Reconciliation Petition was assigned BPU Docket No. ER14070832.

support thereof, the 2015 Initial Reconciliation Petition sought to maintain the current RGGI charge of \$0.000000 per kWh for the RCSTP. Additionally, on or about October 5, 2015 ACE filed with the Board and the Parties the 2015 Amended Petition requesting the Board's approval of an additional one year extension of the RCSTP in order to allow it to submit an offer in the PJM BRA scheduled to be conducted in May 2016, which auction has a performance period commencing on June 1, 2019 and continuing through May 31, 2020. However, that performance period is beyond the BPU authorized termination date for the RCSTP. The Company indicated that, without an extension of the RCSTP covering the performance period for the May 2016 BRA, it will not be able to submit an offer in that auction. By Order dated March 18, 2016 the Board approved a stipulation of the Parties dated February 29, 2016 which approved the continuation of the existing RGGI charge of \$0.000000 per kWh for the RCSTP be continued, and that the Program term be extended through May 31, 2020.

By Petition dated September 7, 2016, the Company filed its 2016 Reconciliation Petition in conformance with the requirements of the 2009 Order. Based upon the data provided in support thereof, the 2016 Reconciliation Petition sought to maintain the current RGGI charge of \$0.000000 per kWh for the RCSTP.

Formal discovery was submitted by Staff on September 30, 2016, and the Company provided its responses to that discovery on October 17, 2016. Further, on February 1, 2017 Rate Counsel submitted additional discovery, and the Company responded to same on February 10, 2017. Subsequently, the Parties engaged in discussions with regard to the Company's 2016 Reconciliation Petition. Since approval of the 2016 Reconciliation Petition will not result in a rate increase, the Parties agree that no public hearing is required.

STIPULATION

The Parties to this Stipulation HEREBY STIPULATE AND AGREE to the following findings, conclusions, and determinations for the purpose of a full, final, and complete resolution of the issues raised in the 2016 Reconciliation Petition.

The Parties agree in settlement of this matter that the 2016 Reconciliation Petition, including the estimated costs and revenues, as more fully set forth on Exhibit A of the 2016 Reconciliation Petition and attached hereto as Attachment A, is consistent in all material respects with the terms and conditions of the 2009 Order, as well as all applicable subsequent Board Orders, and therefore should be approved by the Board. As provided in the May 2013 Order, all PJM revenues, including those from the sale of energy pursuant to PJM programs, derived from the Program shall continue to be credited to customers through the Rider RGGI Charge or other successor clause. Any penalties arising from PJM bids shall not be recoverable from ACE's customers.

SETTLEMENT IMPLEMENTATION

The Parties hereby request that this proposed Stipulation be considered by the Board as soon as reasonably possible.

CONCLUSION

1. The Parties agree that this Stipulation contains mutual balancing and interdependent clauses and is intended to be accepted and approved in its entirety. In the event that any particular provision of this Stipulation is not accepted and approved in its entirety by the Board or is modified by a court of competent jurisdiction, then any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right, upon written notice, to be provided to all other Parties within ten (10) days after receipt of any such adverse decision, to

litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board in an appropriate Order, or is modified by a court of competent jurisdiction, then any Party hereto is free, upon the timely provision of such written notice, to pursue its then available legal remedies with respect to all issues addressed in this Stipulation, as though this Stipulation had not been signed.

2. The Parties agree that this Stipulation shall be binding on them for all purposes herein.

3. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and, except as otherwise expressly provided for herein: (a) by executing this Stipulation, no Party waives any rights it possesses under any prior Stipulation, except where the terms of this Stipulation supersede such prior Stipulation; and (b) the contents of this Stipulation shall not in any way be considered, cited or used by any of the Stipulating Parties as an indication of any Party's position on any related or other issue litigated in any other proceeding or forum, except to enforce the terms of this Stipulation.

4. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Stipulating Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein in total or by specific item. The Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

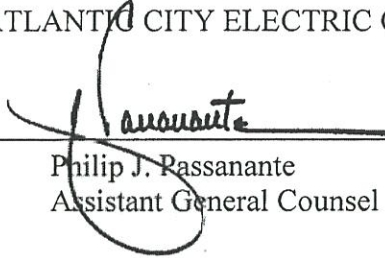
5. This Stipulation may be executed in any number of counterparts, each of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties.

WHEREFORE, the Parties hereto have duly executed and do respectfully submit this Stipulation to the Board and recommend that the Board issue a Final Decision and Order adopting and approving this Stipulation in its entirety in accordance with the terms hereof.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]


ATLANTIC CITY ELECTRIC COMPANY

Dated: March 2, 2017 By: _____


Philip J. Passanante
Assistant General Counsel

CHRISTOPHER S. PORRINO
ATTORNEY GENERAL OF
NEW JERSEY
Attorney for the Staff of the New Jersey Board of
Public Utilities

Dated: March 2, 2017

By: 
[Veronica Beke/Alex Moreau]
Deputy Attorney General

STEFANIE A. BRAND, ESQ.
DIRECTOR
DIVISION OF RATE COUNSEL

Dated: 3/3/2017

By: 
Diane Schulze, Esq.

Attachment A

ATLANTIC CITY ELECTRIC COMPANY
RGGI Recovery Charge
Demand Response Program

SECTION I FORECASTED YEAR AMORTIZATION SCHEDULE

Table 1 - Forecasted Program Year Monthly Delivered Sales (MWH)

Oct-16	681,803
Nov-16	596,525
Dec-16	662,266
Jan-17	708,288
Feb-17	790,836
Mar-17	668,114
Apr-17	670,296
May-17	498,193
	<u>5,276,321</u>

Table 2 - Forecasted Program Year Monthly Amortization and CCRF

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Month	Unamortized Beginning Balance	Additional Program Costs	Amortization	Unamortized Ending Balance	Deferred Tax Activity	Accum Deferred Tax	Unamortized Ending Balance Net of Accum Deferred Tax	CCRF Rate Net-of-Tax	Estimated CCRF Net-of-Tax	Estimated CCRF Adjusted for Income Tax	O&M Expense	PJM Market Revenues	Revenue Requirement
Oct-16	\$ 950,556	\$ 9,568	\$ 14,692	\$ 945,433	\$ (2,093)	\$ 386,207	\$ 559,226	6.57%	\$ 3,070	\$ 5,191	\$ 119,661	\$ 213,826	\$ (74,282)
Nov-16	\$ 945,433	\$ 9,568	\$ 12,854	\$ 942,147	\$ (1,342)	\$ 384,865	\$ 557,282	6.57%	\$ 3,057	\$ 5,168	\$ 119,661	\$ 206,929	\$ (69,245)
Dec-16	\$ 942,147	\$ 9,568	\$ 14,271	\$ 937,444	\$ (1,921)	\$ 382,944	\$ 554,500	6.57%	\$ 3,044	\$ 5,146	\$ 119,661	\$ 213,826	\$ (74,748)
Jan-17	\$ 937,444	\$ 9,568	\$ 15,263	\$ 931,750	\$ (2,326)	\$ 380,618	\$ 551,132	6.57%	\$ 3,027	\$ 5,117	\$ 119,661	\$ 213,826	\$ (73,786)
Feb-17	\$ 931,750	\$ 9,568	\$ 17,041	\$ 924,277	\$ (3,053)	\$ 377,565	\$ 546,712	6.57%	\$ 3,006	\$ 5,081	\$ 119,661	\$ 193,134	\$ (51,350)
Mar-17	\$ 924,277	\$ 9,568	\$ 14,397	\$ 919,448	\$ (1,972)	\$ 375,593	\$ 543,855	6.57%	\$ 2,986	\$ 5,048	\$ 119,661	\$ 213,826	\$ (74,720)
Apr-17	\$ 919,448	\$ 9,568	\$ 14,444	\$ 914,573	\$ (1,992)	\$ 373,601	\$ 540,972	6.57%	\$ 2,970	\$ 5,021	\$ 119,661	\$ 206,929	\$ (67,803)
May-17	\$ 914,573	\$ 9,568	\$ 10,735	\$ 913,406	\$ (477)	\$ 373,124	\$ 540,282	6.57%	\$ 2,960	\$ 5,005	\$ 119,661	\$ 213,826	\$ (78,425)
Total			113,697							40,777	957,290	1,676,123	(564,360)

SECTION II - PRIOR YEAR TRUE UP

Table 3 - Actual Prior Period Monthly Revenue Requirement (Actuals through May 16, Estimates Jun-Sep 16)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Month	Unamortized Beginning Balance	Actual Additional Program Costs	Actual Amortization	Unamortized Ending Balance	= Col 2 + Col 3 - Col 4	Deferred Tax Activity	Accum Deferred Tax	CCR Rate Net-of-Tax	Estimated CCRF Net-of-Tax	= Col 10 x 1/(1- Composite Tax Factor)	O&M Expense	PJM Market Revenues	Revenue Requirement
					= Col 3 - Col 4) x Composite Tax Factor		= Col 5 - Col 7		= Col 8 x (Col 9)/12				=Col 4 + Col 11 + Col 12 - Col 13
May-15	\$ 4,343,873	\$ 47,202	\$ 5,080	\$ 4,385,995		\$ 17,207	\$ 1,791,677	6.57%	\$ 14,137	\$ 23,901	\$ 165,890	\$ 206,654	\$ (11,783)
Jun-15	\$ 4,385,995	\$ 35,678	\$ 1,436,982	\$ 2,984,691		\$ (572,433)	\$ 1,219,244	6.57%	\$ 11,936	\$ 20,179	\$ 230,765	\$ 293,741	\$ 1,394,185
Jul-15	\$ 2,984,691	\$ 73,839	\$ 8,357	\$ 3,050,172		\$ 26,749	\$ 1,245,993	6.57%	\$ 9,773	\$ 16,522	\$ 169,102	\$ 303,531	\$ (109,550)
Aug-15	\$ 3,050,172	\$ (18,966)	\$ 9,087	\$ 3,022,119		\$ (11,460)	\$ 1,234,533	6.57%	\$ 9,834	\$ 16,625	\$ 98,694	\$ 303,528	\$ (179,121)
Sep-15	\$ 3,022,119	\$ 7,581	\$ 8,786	\$ 3,020,914		\$ (492)	\$ 1,234,041	6.57%	\$ 9,786	\$ 16,545	\$ 109,914	\$ 293,738	\$ (158,494)
Oct-15	\$ 3,020,914	\$ 6,563	\$ 6,805	\$ 3,020,672		\$ (99)	\$ 1,233,942	6.57%	\$ 9,784	\$ 16,541	\$ 110,310	\$ 305,821	\$ (172,165)
Nov-15	\$ 3,020,672	\$ 1,353	\$ 5,387	\$ 3,016,638		\$ (1,648)	\$ 1,232,294	6.57%	\$ 9,777	\$ 16,529	\$ 88,458	\$ 293,740	\$ (183,366)
Dec-15	\$ 3,016,638	\$ (12,861)	\$ 5,716	\$ 2,998,061		\$ (7,589)	\$ 1,224,705	6.57%	\$ 9,740	\$ 16,467	\$ 82,230	\$ 303,532	\$ (199,118)
Jan-16	\$ 2,998,061	\$ (5,024)	\$ 6,478	\$ 2,986,558		\$ (4,699)	\$ 1,220,006	6.57%	\$ 9,692	\$ 16,385	\$ 75,053	\$ 303,530	\$ (205,614)
Feb-16	\$ 2,986,558	\$ 8,818	\$ 6,219	\$ 2,989,157		\$ 1,062	\$ 1,221,068	6.57%	\$ 9,677	\$ 16,360	\$ 100,942	\$ 283,947	\$ (160,427)
Mar-16	\$ 2,989,157	\$ 2,721	\$ 5,930	\$ 2,985,948		\$ (1,311)	\$ 1,219,757	6.57%	\$ 9,676	\$ 16,359	\$ 116,600	\$ 303,530	\$ (164,641)
Apr-16	\$ 2,985,948	\$ 2,376	\$ 13,697	\$ 2,974,626		\$ (4,625)	\$ 1,215,132	6.57%	\$ 9,653	\$ 16,319	\$ 78,555	\$ 293,739	\$ (185,168)
May-16	\$ 2,974,626	\$ 5,882	\$ 12,593	\$ 2,967,916		\$ (2,741)	\$ 1,212,391	6.57%	\$ 9,623	\$ 16,269	\$ 50,017	\$ 303,532	\$ (224,653)
Jun-16	\$ 2,967,916	\$ 9,568	\$ 1,994,038	\$ 983,446		\$ (810,656)	\$ 401,735	6.57%	\$ 6,399	\$ 10,818	\$ 119,661	\$ 206,929	\$ 1,917,588
Jul-16	\$ 983,446	\$ 9,568	\$ 20,105	\$ 972,909		\$ (4,304)	\$ 397,431	6.57%	\$ 3,168	\$ 5,356	\$ 119,661	\$ 213,826	\$ (68,704)
Aug-16	\$ 972,909	\$ 9,568	\$ 21,778	\$ 960,699		\$ (4,988)	\$ 392,443	6.57%	\$ 3,131	\$ 5,294	\$ 119,661	\$ 213,826	\$ (67,093)
Sep-16	\$ 960,699	\$ 9,568	\$ 19,711	\$ 950,556		\$ (4,143)	\$ 388,300	6.57%	\$ 3,095	\$ 5,233	\$ 119,661	\$ 206,929	\$ (62,323)

Note: The amount in column 4 for the month of June 16 includes \$1,978,932 credited as amortization based on the revenue requirements amount being negative through May 2016. This amount is credited as amortization in order to reduce the unamortized program balance based on the mechanism described and approved in the 07/31/2009 NJ Board Order.

Table 4 - Prior Period Monthly Over/Under Recovered Balances

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	= Table 3 Col 14		= Col 3 - Col 2			= (Col 5 + Col 6)/2	=Col 7 x (1-Composite Tax Factor)		= Col 8 x Col 9/12
Month	Revenue Requirement	Actual Monthly DSM Surcharge Revenue	Over/(Under) Recovery	Over/(Under) Recovery Beginning Monthly Balance	Over/(Under) Recovery Ending Monthly Balance	Avg Monthly Balance	Net of Tax Avg Monthly Balance	STD Rate	Interest
May-15	\$ (11,783)	\$ 3,327	\$ 15,110	\$ 1,411,813	\$ 1,426,923	\$ 1,419,368	\$ 839,556	0.47%	\$ 328
Jun-15	\$ 1,394,185	\$ (2,177)	\$ (1,396,363)	\$ 1,430,252	\$ 33,889	\$ 732,071	\$ 433,020	0.46%	\$ 167
Jul-15	\$ (109,550)	\$ 26	\$ 109,576	\$ 33,889	\$ 143,465	\$ 88,677	\$ 52,453	0.45%	\$ 20
Aug-15	\$ (179,121)	\$ 12	\$ 179,133	\$ 143,465	\$ 322,599	\$ 233,032	\$ 137,839	0.45%	\$ 52
Sep-15	\$ (158,494)	\$ 32	\$ 158,525	\$ 322,599	\$ 481,124	\$ 401,861	\$ 237,701	0.45%	\$ 90
Oct-15	\$ (172,165)	\$ 206	\$ 172,371	\$ 481,124	\$ 653,495	\$ 567,309	\$ 335,563	0.45%	\$ 127
Nov-15	\$ (183,366)	\$ 26	\$ 183,392	\$ 653,495	\$ 836,886	\$ 745,190	\$ 440,780	0.46%	\$ 168
Dec-15	\$ (199,118)	\$ (8)	\$ 199,110	\$ 836,886	\$ 1,035,997	\$ 936,442	\$ 553,905	0.53%	\$ 246
Jan-16	\$ (205,614)	\$ 9	\$ 205,623	\$ 1,035,997	\$ 1,241,620	\$ 1,138,808	\$ 673,605	0.65%	\$ 365
Feb-16	\$ (160,427)	\$ (7)	\$ 160,420	\$ 1,241,620	\$ 1,402,040	\$ 1,321,830	\$ 781,862	0.33%	\$ 215
Mar-16	\$ (164,641)	\$ (1)	\$ 164,640	\$ 1,402,040	\$ 1,566,680	\$ 1,484,360	\$ 877,999	0.36%	\$ 263
Apr-16	\$ (185,168)	\$ 1	\$ 185,169	\$ 1,566,680	\$ 1,751,848	\$ 1,659,264	\$ 981,455	0.42%	\$ 344
May-16	\$ (224,653)	\$ (3)	\$ 224,650	\$ 1,751,848	\$ 1,976,499	\$ 1,864,174	\$ 1,102,659	0.41%	\$ 377
Jun-16	\$ 1,917,588	\$ -	\$ (1,917,588)	\$ 1,976,499	\$ 58,910	\$ 1,017,705	\$ 601,972	0.41%	\$ 206
Jul-16	\$ (68,704)	\$ -	\$ 68,704	\$ 58,910	\$ 127,615	\$ 93,263	\$ 55,165	0.41%	\$ 19
Aug-16	\$ (67,093)	\$ -	\$ 67,093	\$ 127,615	\$ 194,708	\$ 161,161	\$ 95,327	0.41%	\$ 33
Sep-16	\$ (62,323)	\$ -	\$ 62,323	\$ 194,708	\$ 257,031	\$ 225,869	\$ 133,602	0.41%	\$ 46

SECTION III RGGI RECOVERY CHARGE (DR COMPONENT) CALCULATION

Forecasted Amortization	\$	113,697	Table 2, Col 4
Forecasted CCRF (Based on 7.75% ROR, adj. for income tax)	\$	40,777	Table 2, Col 11
Ongoing O&M	\$	957,290	Table 2, Col 12
Forecasted PJM Market Revenues	\$	(1,676,123)	Table 2, Col 13
Prior Period True Up	\$	(257,334)	Table 4 Col 6 + Table 4 Col 10 (Jun 16 - Sep 16)
Forecasted Revenue Requirement	\$	(821,693)	
Total Annual Amount to be Recovered	\$	(821,693)	
Retail Sales - kwh		5,276,320,834	
\$/KWH Surcharge	\$	-	
BPU Assessment	\$	-	
\$/KWH Surcharge with SUT	\$	-	

Note: The components of the revenue requirement calculation result in a negative amount which will be used to reduce the unamortized program cost balance as per the initial Board Order. The revenue requirement includes actuals through May 31, 2016 and forecasted amounts for the periods of June 1, 2016 - May 31, 2017. This amount will be adjusted once actuals have been updated through May 31, 2017 and the unamortized program cost balance will be adjusted accordingly in June 2017 by the resulting figure.

ACE DLC Expenditure Breakdown June 2016 - May 2017	
	June 2016 - May 2017
Installation Schedule	
Outdoor switch (DCU)	374
Thermostat	126
Total Installed Devices	500
Installation Cost	
Hardware	\$51,600
Installation	\$32,500
Inventory Carrying Charges + Spares	\$30,720
Load Research Meters	\$0
Load Research Feeders	\$0
Subtotal, Equipment & Systems	\$114,820
Customer Service & Support (incl Marketing)	\$552,016
Customer Service Visits - Non Warranty	\$207,746
Supplemental Event Support	\$44,052
Enrollment Incentives to Customers	\$25,000
Load Research Monitoring	\$0
PHI project management	\$160,000
Measurement & Verification	\$0
Radio Paging System Usage	\$72,720
Control System - Support and Maintenance	\$140,844
Software & Database	\$13,956
Contractor's Project Management	\$219,600
Subtotal, Mngmnt & Operating Exp	\$1,435,934
Total	\$1,550,754

ACE - NEW JERSEY
RGGI Surcharge Workpaper
Residential Controllable Smart Thermostat Program
Amortization Table

10 Year Recovery

Month	Unamortized Beginning Balance	2010 Additional Program Costs	2011 Additional Program Costs	2012 Additional Program Costs	2013 Additional Program Costs	2014 Additional Program Costs	2015 Additional Program Costs	2016 Additional Program Costs	Unamortized Ending Balance	Amortization Table				
										Amortization	Monthly	SubTotal	Count	
Jun-10	\$ -	\$ 29,197							\$ 29,197		243		1	
Jul-10	\$ 29,197	\$ 102,752							\$ (19,409)	\$ 112,540	856	243	2	
Aug-10	\$ 112,540	\$ (2,986)							\$ (20,326)	\$ 89,227	(25)	1,100	3	
Sep-10	\$ 89,227	\$ 205,453							\$ (17,452)	\$ 277,229	1,712	1,075	4	
Oct-10	\$ 277,229	\$ 117,567							\$ (13,263)	\$ 381,533	980	2,787	5	
Nov-10	\$ 381,533	\$ (77,904)							\$ (10,759)	\$ 292,870	(649)	3,767	6	
Dec-10	\$ 292,870	\$ 138,578							\$ (13,088)	\$ 418,360	1,155	3,117	7	
Jan-11	\$ 418,360	\$ 90,415							\$ (15,462)	\$ 493,313	753	4,272	8	
Feb-11	\$ 493,313	\$ 76,414							\$ (12,617)	\$ 557,109	637	5,026	9	
Mar-11	\$ 557,109	\$ (32,797)							\$ (12,737)	\$ 511,575	(273)	5,662	10	
Apr-11	\$ 511,575	\$ 326,083							\$ (11,148)	\$ 826,509	2,717	5,389	11	
May-11	\$ 826,509	\$ 196,299							\$ (11,552)	\$ 1,011,256	1,636	8,106	12	
Jun-11	\$ 1,011,256	\$ 312,932							\$ (14,353)	\$ 1,309,835	2,608	9,742	13	
Jul-11	\$ 1,309,835	\$ 419,794							\$ (17,642)	\$ 1,711,987	3,498	12,350	14	
Aug-11	\$ 1,711,987	\$ (196,668)							\$ (17,969)	\$ 1,497,351	(1,639)	15,848	15	
Sep-11	\$ 1,497,351	\$ 240,483							\$ (18,025)	\$ 1,719,808	2,004	14,209	16	
Oct-11	\$ 1,719,808	\$ (187,785)							\$ (12,579)	\$ 1,519,444	(1,565)	16,213	17	
Nov-11	\$ 1,519,444	\$ 168,045							\$ (10,922)	\$ 1,676,567	1,400	14,649	18	
Dec-11	\$ 1,676,567	\$ (99,481)							\$ (11,878)	\$ 1,565,208	(829)	16,049	19	
Jan-12	\$ 1,565,208	\$ (69,571)							\$ (13,612)	\$ 1,482,025	(580)	15,220	20	
Feb-12	\$ 1,482,025	\$ 218,156							\$ (12,036)	\$ 1,688,145	1,818	14,440	21	
Mar-12	\$ 1,688,145	\$ (219,323)							\$ (11,737)	\$ 1,457,085	(1,828)	16,458	22	
Apr-12	\$ 1,457,085	\$ 97,725							\$ (10,900)	\$ 1,543,910	814	14,630	23	
May-12	\$ 1,543,910	\$ 123,035							\$ (11,313)	\$ 1,655,632	1,025	15,445	24	
Jun-12	\$ 1,655,632		\$ (6,176)						\$ (12,783)	\$ 1,636,673	(51)	16,470	25	
Jul-12	\$ 1,636,673	\$ 203,709							\$ (18,054)	\$ 1,822,329	1,698	16,419	26	
Aug-12	\$ 1,822,329	\$ 93,274							\$ (19,444)	\$ 1,896,158	777	18,116	27	
Sep-12	\$ 1,896,158	\$ (78,612)							\$ (17,245)	\$ 1,800,301	(655)	18,893	28	
Oct-12	\$ 1,800,301	\$ 139,623							\$ (11,999)	\$ 1,927,925	1,164	18,238	29	
Nov-12	\$ 1,927,925	\$ 43,659							\$ (11,136)	\$ 1,960,448	364	19,402	30	
Dec-12	\$ 1,960,448	\$ 90,438							\$ (12,073)	\$ 2,038,813	754	19,766	31	
Jan-13	\$ 2,038,813	\$ 102,116							\$ (13,123)	\$ 2,127,807	851	20,519	32	
Feb-13	\$ 2,127,807	\$ 205,653							\$ (12,216)	\$ 2,321,243	1,714	21,370	33	
Mar-13	\$ 2,321,243	\$ (63,187)							\$ (12,502)	\$ 2,245,554	(527)	23,084	34	
Apr-13	\$ 2,245,554	\$ 207,666							\$ (11,624)	\$ 2,441,596	1,731	22,558	35	
May-13	\$ 2,441,596	\$ 68,657							\$ (10,876)	\$ 2,499,377	572	24,288	36	
Jun-13	\$ 2,499,377		\$ 48,994						\$ (12,558)	\$ 2,535,814	408	24,860	37	
Jul-13	\$ 2,535,814	\$ 156,145							\$ (17,214)	\$ 2,674,744	1,301	25,269	38	
Aug-13	\$ 2,674,744	\$ 146,976							\$ (17,328)	\$ 2,804,393	1,225	26,570	39	
Sep-13	\$ 2,804,393	\$ (57,596)							\$ (15,092)	\$ 2,731,704	(480)	27,795	40	
Oct-13	\$ 2,731,704	\$ 62,272							\$ (47,026)	\$ 2,746,950	519	27,315	41	
Nov-13	\$ 2,746,950	\$ 128,494							\$ (41,388)	\$ 2,834,056	1,071	27,834	42	
Dec-13	\$ 2,834,056	\$ 22,413							\$ (49,627)	\$ 2,806,842	187	28,904	43	
Jan-14	\$ 2,806,842	\$ (24,747)							\$ (52,079)	\$ 2,730,015	(206)	29,091	44	
Feb-14	\$ 2,730,015	\$ 50,127							\$ (52,001)	\$ 2,728,142	418	28,885	45	
Mar-14	\$ 2,728,142	\$ 70,146							\$ (53,061)	\$ 2,745,226	585	29,303	46	
Apr-14	\$ 2,745,226	\$ 67,277							\$ (45,705)	\$ 2,766,799	561	29,887	47	
May-14	\$ 2,766,799	\$ 69,379							\$ (42,890)	\$ 2,793,288	578	30,448	48	
Jun-14	\$ 2,793,288		\$ 123,302						\$ (48,703)	\$ 2,867,887	1,028	31,026	49	
Jul-14	\$ 2,867,887	\$ 103,283							\$ (61,911)	\$ 2,909,259	861	32,053	50	
Aug-14	\$ 2,909,259	\$ 470,733							\$ (61,782)	\$ 3,318,211	3,923	32,914	51	
Sep-14	\$ 3,318,211	\$ 289,021							\$ (60,689)	\$ 3,546,543	2,409	36,837	52	
Oct-14	\$ 3,546,543	\$ 308,283							\$ (44,940)	\$ 3,809,886	2,569	39,245	53	
Nov-14	\$ 3,809,886	\$ 233,419							\$ (41,924)	\$ 4,001,381	1,945	41,814	54	
Dec-14	\$ 4,001,381	\$ 307,333							\$ (39,651)	\$ 4,269,064	2,561	43,760	55	
Jan-15	\$ 4,269,064	\$ 27,990							\$ (50,022)	\$ 4,247,031	233	46,321	56	
Feb-15	\$ 4,247,031	\$ 127,074							\$ (54,122)	\$ 4,319,983	1,059	46,554	57	
Mar-15	\$ 4,319,983	\$ 52,154							\$ (51,930)	\$ 4,320,208	435	47,613	58	
Apr-15	\$ 4,320,208	\$ 70,520							\$ (46,854)	\$ 4,343,873	588	48,048	59	
May-15	\$ 4,343,873	\$ 47,202							\$ (5,080)	\$ 4,385,995	393	48,635	60	
Jun-15	\$ 4,385,995					\$ 35,678			\$ (1,436,982)	\$ 2,984,691	297	29,627	61	
Jul-15	\$ 2,984,691					\$ 73,839			\$ (8,357)	\$ 3,050,172	615	29,924	62	
Aug-15	\$ 3,050,172					\$ (18,966)			\$ (9,087)	\$ 3,022,119	(158)	30,539	63	
Sep-15	\$ 3,022,119					\$ 7,581			\$ (8,786)	\$ 3,020,914	63	30,381	64	
Oct-15	\$ 3,020,914					\$ 6,563			\$ (6,805)	\$ 3,020,672	55	30,444	65	
Nov-15	\$ 3,020,672					\$ 1,353			\$ (5,387)	\$ 3,016,638	11	30,499	66	
Dec-15	\$ 3,016,638					\$ (12,861)			\$ (5,716)	\$ 2,998,061	(107)	30,510	67	
Jan-16	\$ 2,998,061					\$ (5,024)			\$ (6,478)	\$ 2,986,558	(42)	30,403	68	
Feb-16	\$ 2,986,558					\$ 8,818			\$ (6,219)	\$ 2,989,157	73	30,361	69	
Mar-16	\$ 2,989,157					\$ 2,721			\$ (5,930)	\$ 2,985,948	23	30,435	70	
Apr-16	\$ 2,985,948					\$ 2,376			\$ (13,697)	\$ 2,974,626	20	30,457	71	
May-16	\$ 2,974,626					\$ 5,882			\$ (12,593)	\$ 2,967,916	49	30,477	72	
Jun-16	\$ 2,967,916						\$ 9,568		\$ (1,994,038)	\$ 983,446	80	10,683	73	
Jul-16	\$ 983,446						\$ 9,568		\$ (20,105)	\$ 972,909	80	10,763	74	
Aug-16	\$ 972,909						\$ 9,568		\$ (21,778)	\$ 960,699	80	10,842	75	
Sep-16	\$ 960,699						\$ 9,568		\$ (19,711)	\$ 950,556	80	10,922	76	
	1,169,070	807,342	1,006,821	739,880	2,160,315		107,958	38,273	(5,079,104)					

Amortization True-Up Calculation							
	2010	2011	2012	2013	2014	2015	2016
Total Annual Amort Needed	\$ 40,544	\$ 175,454	\$ 239,124	\$ 336,159	\$ 494,820	\$ 364,059	\$ 43,210
Unamortized Balance Reduction						\$ 1,430,252	\$ 1,978,932
Actual Amortization Booked	\$ 157,814	\$ 162,966	\$ 163,076	\$ 445,969	\$ 567,608	\$ 1,526,038	\$ 2,055,633
Difference	\$ (117,271)	\$ 12,488	\$ 76,048	\$ (109,810)	\$ (72,787)	\$ 268,273	\$ (33,491)
						\$ 23,451	

2016/2017 Amort of Prior Cost		
16-Oct	11,002	76
16-Nov	11,002	77
16-Dec	11,002	78
17-Jan	11,002	79
17-Feb	11,002	80
17-Mar	11,002	81
17-Apr	11,002	82
17-May	11,002	83
	88,014	

Amort True Up	23,451
Prior Cost Amort	88,014
2016/17 Cost Amort	2,233
Total 2016 Amort	113,697

ATLANTIC CITY ELECTRIC COMPANY

RGGI Recovery Charge

Residential Controllable Smart Thermostat Program

ACE Capital Structure 1-Sep-14

<u>Capital Structure</u>	<u>Weight</u>	<u>Rate</u>	Weighted <u>Rate</u>	After <u>Tax</u>	Before <u>Tax</u>	
Long Term Debt	50.17%	5.77%	2.89%	1.71%	2.89%	40.85%
Preferred Stock	0.00%	0.00%	0.00%	0.00%	0.00%	
Common Stock	<u>49.83%</u>	9.75%	<u>4.86%</u>	<u>4.86%</u>	<u>8.21%</u>	
Total	100.00%		7.75%	6.57%	11.11%	

ATLANTIC CITY ELECTRIC COMPANY
 RGGI Recovery Charge
 Residential Controllable Smart Thermostat Program
 Computation of NJ Tax Factors

Line No.	Description	Statutory Tax Rate
1	BPU Assessment	0.242%
2	NJ Income Tax Rate	9.000%
3	Federal Income Tax Rate	35.00%

Line No.	Description	Computation	Total Tax Factor	Income Tax Factor
4	BPU Assessment	line 1	0.2420%	0.0000%
5	NJ Income Tax Factor	(100%-line 1) x line 2	8.9782%	9.0000%
6	Federal Income Tax Factor	(100% - (line 4 + line 5)) x line 3	31.7729%	31.8500%
7	Composite Tax Factor	line 4 + line 5 + line 6	40.9931%	40.8500%
8	Complement of Composite Tax Factor	100% - (line 4 + line 5 + line 6)	59.0069%	59.1500%

TABLE 1

**Residential Controllable Smart Thermostat Program ("RCSTP") Annual RGGI Surcharge Filing
Proposed Settlement of PJM Bidding Issues**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Line	Month	Actual PJM Revenues Received	PJM Revenue Commitments	Difference Monthly	Difference Cumulative	Interest Rate	Interest Amount 1/
				(B)+(C)			(E)x((F)/12)
1	Jun-11	\$41,177	(\$31,030)	\$10,147	\$10,147	0.31%	\$3
2	Jul-11	\$42,550	(\$32,064)	\$10,486	\$20,633	0.29%	\$5
3	Aug-11	\$42,550	(\$32,064)	\$10,486	\$31,119	0.34%	\$9
4	Sep-11	\$41,177	(\$31,030)	\$10,147	\$41,266	0.30%	\$10
5	Oct-11	\$42,550	(\$32,064)	\$10,486	\$51,752	0.64%	\$28
6	Nov-11	\$41,177	(\$31,030)	\$10,147	\$61,899	0.66%	\$34
7	Dec-11	\$42,550	(\$32,064)	\$10,486	\$72,385	0.72%	\$43
8	Jan-12	\$42,550	(\$32,064)	\$10,486	\$82,871	0.83%	\$57
9	Feb-12	\$39,805	(\$29,996)	\$9,809	\$92,680	0.85%	\$65
10	Mar-12	\$42,550	(\$32,064)	\$10,486	\$103,166	0.90%	\$77
11	Apr-12	\$41,177	(\$31,030)	\$10,147	\$113,313	0.92%	\$87
12	May-12	\$42,550	(\$32,064)	\$10,486	\$123,799	0.42%	\$43
PJM Plan Year 11-12		\$502,364	(\$378,565)	\$123,799			\$461
13	Jun-12	\$2,500	(\$96,311)	(\$93,811)	\$29,987	0.41%	\$10
14	Jul-12	\$2,583	(\$99,522)	(\$96,939)	(\$66,951)	0.42%	(\$23)
15	Aug-12	\$2,583	(\$99,522)	(\$96,939)	(\$163,890)	0.41%	(\$57)
16	Sep-12	\$2,500	(\$96,311)	(\$93,811)	(\$257,701)	0.41%	(\$89)
17	Oct-12	\$2,583	(\$99,522)	(\$96,939)	(\$354,640)	0.42%	(\$123)
18	Nov-12	\$2,500	(\$96,311)	(\$93,811)	(\$448,451)	0.42%	(\$157)
19	Dec-12	\$2,583	(\$99,522)	(\$96,939)	(\$545,390)	0.41%	(\$185)
20	Jan-13	\$2,583	(\$99,522)	(\$96,939)	(\$642,328)	0.39%	(\$210)
21	Feb-13	\$2,333	(\$89,891)	(\$87,557)	(\$729,885)	0.36%	(\$216)
22	Mar-13	\$2,583	(\$99,522)	(\$96,939)	(\$826,824)	0.36%	(\$246)
23	Apr-13	\$2,500	(\$96,311)	(\$93,811)	(\$920,635)	0.35%	(\$268)
24	May-13	\$2,583	(\$99,522)	(\$96,939)	(\$1,017,574)	0.30%	(\$253)
PJM Plan Year 12-13		\$30,416	(\$1,171,789)	(\$1,141,373)			(\$1,814)

TABLE 1

**Residential Controllable Smart Thermostat Program ("RCSTP") Annual RGGI Surcharge Filing
Proposed Settlement of PJM Bidding Issues**

(A)	(B)	(C)	(D)	(E)	(F)	(G)	
Line	Month	Actual PJM Revenues Received	PJM Revenue Commitments	Difference Monthly (B)+(C)	Difference Cumulative	Interest Rate	Interest Amount 1/ (E)x((F)/12)
25	Jun-13	\$64,800	(\$251,709)	(\$186,909)	(\$1,204,483)	0.26%	(\$263)
26	Jul-13	\$66,960	(\$260,100)	(\$193,140)	(\$1,397,623)	0.26%	(\$300)
27	Aug-13	\$66,960	(\$260,100)	(\$193,140)	(\$1,590,763)	0.26%	(\$350)
28	Sep-13	\$64,800	(\$251,709)	(\$186,909)	(\$1,777,672)	0.27%	(\$397)
29	Oct-13	\$66,960	(\$260,100)	(\$193,140)	(\$1,970,812)	0.32%	(\$521)
30	Nov-13	\$64,800	(\$251,709)	(\$186,909)	(\$2,157,722)	0.27%	(\$481)
31	Dec-13	\$66,960	(\$260,100)	(\$193,140)	(\$2,350,861)	0.27%	(\$520)
32	Jan-14	\$66,960	(\$260,100)	(\$193,140)	(\$2,544,001)	0.27%	(\$568)
33	Feb-14	\$60,480	(\$234,929)	(\$174,449)	(\$2,718,450)	0.26%	(\$594)
34	Mar-14	\$66,960	(\$260,100)	(\$193,140)	(\$2,911,590)	0.24%	(\$587)
35	Apr-14	\$64,800	(\$251,709)	(\$186,909)	(\$3,098,499)	0.25%	(\$634)
36	May-14	\$66,960	(\$260,100)	(\$193,140)	(\$3,291,639)	0.25%	(\$683)
PJM Plan Year 13-14		\$788,400	(\$3,062,465)	(\$2,274,065)			(\$5,897)
37	Jun-14	\$200,138	(\$157,126)	\$43,012	(\$3,248,626)	0.25%	(\$685)
38	Jul-14	\$1,343,611 *	(\$162,363)	\$1,181,247	(\$2,067,379)	0.26%	(\$440)
39	Aug-14	\$206,810	(\$162,363)	\$44,446	(\$2,022,933)	0.25%	(\$426)
40	Sep-14	\$200,138	(\$157,126)	\$43,012	(\$1,979,921)	0.26%	(\$426)
41	Oct-14	\$206,810	(\$162,363)	\$44,446	(\$1,935,474)	0.27%	(\$436)
42	Nov-14	\$200,138	(\$157,126)	\$43,012	(\$1,892,462)	0.30%	(\$469)
43	Dec-14	\$206,810	(\$162,363)	\$44,446	(\$1,848,016)	0.40%	(\$614)
44	Jan-15	\$206,810	(\$162,363)	\$44,446	(\$1,803,570)	0.43%	(\$651)
45	Feb-15	\$186,796	(\$146,651)	\$40,145	(\$1,763,425)	0.40%	(\$595)
46	Mar-15	\$206,810	(\$162,363)	\$44,446	(\$1,718,979)	0.50%	(\$709)
47	Apr-15	\$200,138	(\$157,126)	\$43,012	(\$1,675,966)	0.51%	(\$716)
48	May-15	\$206,810	(\$162,363)	\$44,446	(\$1,631,520)	0.47%	(\$637)
PJM Plan Year 14-15		\$3,571,818	(\$1,911,699)	\$1,660,119			(\$6,805)

TABLE 1

**Residential Controllable Smart Thermostat Program ("RCSTP") Annual RGGI Surcharge Filing
Proposed Settlement of PJM Bidding Issues**

(A)	(B)	(C)	(D)	(E)	(F)	(G)	
Line	Month	Actual PJM Revenues Received	PJM Revenue Commitments	Difference Monthly (B)+(C)	Difference Cumulative	Interest Rate	Interest Amount 1/ (E)x(F)/12)
49	Jun-15	\$293,892	(\$213,512)	\$80,381	(\$1,551,139)	0.46%	(\$599)
50	Jul-15	\$303,689	(\$220,629)	\$83,060	(\$1,468,079)	0.45%	(\$554)
51	Aug-15	\$303,689	(\$220,629)	\$83,060	(\$1,385,019)	0.45%	(\$524)
52	Sep-15	\$293,892	(\$213,512)	\$80,381	(\$1,304,638)	0.45%	(\$492)
53	Oct-15	\$303,689	(\$220,629)	\$83,060	(\$1,221,578)	0.45%	(\$461)
54	Nov-15	\$293,892	(\$213,512)	\$80,381	(\$1,141,197)	0.46%	(\$436)
55	Dec-15	\$303,689	(\$220,629)	\$83,060	(\$1,058,137)	0.53%	(\$469)
56	Jan-16	\$303,689	(\$220,629)	\$83,060	(\$975,077)	0.65%	(\$528)
57	Feb-16	\$284,096	(\$206,394)	\$77,701	(\$897,375)	0.33%	(\$247)
58	Mar-16	\$303,689	(\$220,629)	\$83,060	(\$814,315)	0.36%	(\$244)
59	Apr-16	\$293,892	(\$213,512)	\$80,381	(\$733,934)	0.42%	(\$257)
60	May-16	\$303,689	(\$220,629)	\$83,060	(\$650,874)	0.41%	(\$222)
PJM Plan Year 15-16		\$3,585,486	(\$2,604,840)	\$980,646			(\$5,033)
61	Jun-16	\$206,929	(\$161,898)	\$45,031	(\$605,843)	0.41%	(\$207)
62	Jul-16	\$213,826	(\$167,294)	\$46,532	(\$559,311)	0.41%	(\$191)
63	Aug-16	\$213,826	(\$167,294)	\$46,532	(\$512,779)	0.41%	(\$175)
64	Sep-16	\$206,929	(\$161,898)	\$45,031	(\$467,747)	0.41%	(\$160)
65	Oct-16	\$213,826	(\$167,294)	\$46,532	(\$421,215)	0.41%	(\$144)
66	Nov-16	\$206,929	(\$161,898)	\$45,031	(\$376,184)	0.41%	(\$129)
67	Dec-16	\$213,826	(\$167,294)	\$46,532	(\$329,652)	0.41%	(\$113)
68	Jan-17	\$213,826	(\$167,294)	\$46,532	(\$283,120)	0.41%	(\$97)
69	Feb-17	\$193,134	(\$151,104)	\$42,029	(\$241,091)	0.41%	(\$82)
70	Mar-17	\$213,826	(\$167,294)	\$46,532	(\$194,559)	0.41%	(\$66)
71	Apr-17	\$206,929	(\$161,898)	\$45,031	(\$149,527)	0.41%	(\$51)
72	May-17	\$213,826	(\$167,294)	\$46,532	(\$102,995)	0.41%	(\$35)
PJM Plan Year 16-17		\$2,517,634	(\$1,969,755)	\$547,879			(\$1,450)

TABLE 1

**Residential Controllable Smart Thermostat Program ("RCSTP") Annual RGGI Surcharge Filing
Proposed Settlement of PJM Bidding Issues**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Line	Month	Actual PJM Revenues Received	PJM Revenue Commitments	Difference Monthly	Difference Cumulative	Interest Rate	Interest Amount 1/
				(B)+(C)			(E)x((F)/12)
73	Jun-17	\$198,360	(\$163,080)	\$35,280	(\$67,715)	0.41%	(\$23)
74	Jul-17	\$204,972	(\$168,516)	\$36,456	(\$31,259)	0.41%	(\$11)
75	Aug-17	\$204,972	(\$168,516)	\$36,456	\$5,197	0.41%	\$2
76	Sep-17	\$198,360	(\$163,080)	\$35,280	\$40,477	0.41%	\$14
77	Oct-17	\$204,972	(\$168,516)	\$36,456	\$76,933	0.41%	\$26
78	Nov-17	\$198,360	(\$163,080)	\$35,280	\$112,213	0.41%	\$38
79	Dec-17	\$204,972	(\$168,516)	\$36,456	\$148,669	0.41%	\$51
80	Jan-18	\$204,972	(\$168,516)	\$36,456	\$185,125	0.41%	\$63
81	Feb-18	\$185,136	(\$152,208)	\$32,928	\$218,053	0.41%	\$75
82	Mar-18	\$204,972	(\$168,516)	\$36,456	\$254,509	0.41%	\$87
83	Apr-18	\$198,360	(\$163,080)	\$35,280	\$289,789	0.41%	\$99
84	May-18	\$204,972	(\$168,516)	\$36,456	\$326,245	0.41%	\$111
PJM Plan Year 17-18		\$2,413,380	(\$1,984,140)	\$429,240			\$532
SubTotal		\$13,409,499	(\$13,083,254)		\$326,245		(\$20,007)
Additional Payment			(\$300,000)		(\$300,000)		

* Note: The amount in column B for the month of July 14 includes \$1,136,801 credited to customers pursuant to the Board's May 2013 Order which represents the deficiency from the PJM revenues received and the PJM revenue commitments \$810,556 plus an additional \$300,000 payment and \$26,245 of interest.

Actual Committed Levels Under Past and Future PJM Auctions

Total Due Ratepayers	
PJM Commitments	(\$13,083,254)
Additional Payments	(\$300,000)
Interest	(\$20,007)
Total Due Ratepayers	(\$13,403,261)
PJM Revenues Received	\$13,409,499
Final Amount Due from Ratepayers	\$6,238

1/ Short Term Interest Rate per Stipulation, rates are based on actuals through May 2016 and estimated with no change through May 2018.

On an annual basis, the RCSTP Component of the RGGI Recovery Charge (RRC) will be updated to reflect forecasted information for the upcoming 12 month period as well as a reconciliation of the prior periods based on actual results. The rate year for RCSTP Component of the RRC Charge will be the twelve month period starting June 1 of each year.

1. RCSTP PROGRAM COST RECOVERY MECHANISM

RCSTP program costs are recovered through the amortization of equipment installation costs over a 10 year period. Program marketing, evaluation, administrative costs and participant incentive costs are recovered as ongoing expenses on an annual basis. A detailed amortization table is provided on page 6 of Exhibit A of this filing. In the initial 12 months of each program year, the amortization is based on fully forecasted information. The forecasted annual amortization expense consists of three components: 1) A true-up of amortization needed in previous periods compared to the actual amortization expense in those periods, 2) Prior program year costs amortization included in this year's amortization period, and 3.) The forecasted rate period years program costs amortization. A monthly amortization expense is developed by multiplying the annual amortization amount by the ratio of the forecasted monthly sales to the annual forecasted sales. In succeeding periods of each of the program years, forecasted information is replaced with actual costs and amortization levels.

Pages 1 through 4 of Exhibit A provide the detailed rate design calculation template. The template consists of the three sections, one for each of the major areas of the rate design calculation. Calculation steps in each Section are further broken down into Tables.

Section I Forecasted Year Amortization Schedule

Table 1 – Forecasted Program Year Monthly Delivered Sales.

Table 1 provides the forecasted monthly delivered sales based on the approved Budget and Forecast for the period.

Table 2 – Forecasted Program Year Monthly Amortization and Capital Cost Recovery Factor (CCRF)

Table 2 provides the detailed amortization schedule for the upcoming monthly rate period. Column 2 provides the unamortized beginning balance, starting with the sum of the amounts input from the amortization tables for prior program years. Column 3 provides the monthly estimate of the current rate period costs, based on the total forecasted cost input. Column 4 provides the monthly amortization expense for the current rate period based on the sum of the amortization of current rate period costs plus the amortization of any prior program year costs plus a true up of forecasted amortization from prior periods compared to actual amortization expense. The estimated annual amortization expense is then allocated on a monthly basis, based on the forecasted current rate period sales provided in Table 1. Columns 5 through 8 develop the unamortized ending balance, net of accumulated taxes. The monthly balance is calculated as the Column 2 beginning balance plus the Column 3 monthly program costs less the monthly forecasted amortization in Column 4. The balance is adjusted to reflect deferred taxes associated with the ongoing program costs in Column 3 less the amortization expense in Column 4. In Column 10 the net of tax forecasted balance is then multiplied by the monthly net of tax ROR shown in Column 9 to develop the monthly return amount. Column 11 provides the

appropriate income tax gross up of the Column 10 return, which is required to develop revenue requirements. Column 12 provides the total ongoing expenses forecasted for the month. Column 13 provides forecasted revenue associated with capacity and energy sales into PJM administered markets. A monthly revenue requirement is developed in Column 14.

Section II Prior Year True Up

On an annual basis, a true up will be made of the actual RCSTP component of RRC revenue billed in the previous year and actual revenue associated with capacity and energy sales into PJM administered markets versus the revenue requirement for the period determined based on actual period sales and costs. The actual revenue requirement for the prior year is developed using the approach described below.

Table 3 – Actual Prior Year Monthly Revenue Requirement

Table 3 is similar to Table 2, with the exception that it includes only actual costs for the prior years through May 31, 2016. Inputs for Table 3 are derived from the corresponding actual data included for the appropriate months in the amortization tables. Forecasted amounts are used for the June 1, 2016 – September 30, 2016 periods.

Table 4 – Prior Year Monthly Over/Under Recovered Balance

Table 4 develops the prior year true up amount, including interest by comparing the calculated revenue requirement developed in Table 3 to actual booked revenue on a monthly basis. Column 4 represents the monthly over/under recovery balance. A monthly over or under recovery balance is determined on a running basis. Interest on the after tax over or under recovery balance is calculated on a monthly basis in Columns 5 through 10 using the Company's then-current short term debt rate.

Section III RGGI Recovery Charge (DR Component) Calculation

Using the results of the calculations from Section I and II, the Demand Response Component of the RGGI Recovery Charge is developed based on current rate period forecasted delivered sales from Table 1. If the revenue requirement is less than zero, the Demand Response component of the RGGI Recovery Charge will be set to zero and the amount of the revenue requirement which is less than zero will be used to reduce the unamortized equipment cost balance once actuals have been updated through the end of the current rate period.

Table 6

Net PJM credits and interest reflected in RGGI Charge as of					May 31, 2016			
Rate Effective Period	PJM credits + Interest to be Reflected in RGGI Charge				PJM credits + Interest actually Reflected in RGGI Charge to date			
	PJM Credits to be Reflected in RGGI Surcharge When PJM Revenues are Received	Interest to be Reflected in RGGI Surcharge When PJM Revenues are Received	Total to be reflected	Cumulative total to be reflected	PJM Revenues Actually Received and reflected in RGGI Charge	PJM Revenues Actually Received Applicable to April 2013 Stipulation Terms	Cumulative total Actual PJM Revenues reflected in RGGI Charge	Net PJM credits and interest reflected in RGGI Charge Over (under)
	a	b	c = a + b	d	e	f	g	h
6/1/2011 - 5/31/2012	\$378,565	(\$461)	\$ 378,104	\$ 378,104	\$ 502,364	\$ 502,364	\$ 502,364	\$ 124,260
6/1/2012 - 5/31/2013	\$1,171,789	\$1,814	\$ 1,173,604	\$ 1,551,708	\$ 161,026	\$ 30,416	\$ 532,781	\$ (1,018,927)
6/1/2013 - 5/31/2014	\$3,062,465	\$5,897	\$ 3,068,362	\$ 4,620,070	875,726	788,400	\$ 1,321,181	\$ (3,298,889)
6/1/2014 - 5/31/2015	\$1,911,699	\$6,805	\$ 1,918,504	\$ 6,538,574	3,570,067	3,571,818	\$ 4,892,999	\$ (1,645,575)
6/1/2015 - 5/31/2016	\$2,604,840	\$5,033	\$ 2,609,874	\$ 9,148,448	3,585,908	3,585,486	\$ 8,478,485	\$ (669,963)
6/1/2016 - 5/31/2017	\$1,969,755							
6/1/2017 - 5/31/2018	\$1,984,140							
Sub-total PJM Credits	\$13,083,254							
Additional Payment	\$300,000							

Note: The amount in columns e and f for the period of 6/1/2014 - 5/31/2015 includes \$1,136,801 credited to customers pursuant to the Board's May 2013 Order which represents the deficiency from the PJM revenues received and the PJM revenue commitments \$810,556 plus an additional \$300,000 payment and \$26,245 of interest.

Data Sources

- a Exhibit A, Pages 9-12, Table 1, Column C
- b Exhibit A, Pages 9-11, Table 1, Column G
- e Exhibit A, Page 2, Table 3, Column 13. Includes PJM revenues not covered by April 2013 Stipulation and related Board Order, e.g. energy sales.

Rate Effective Period	Supplemental PJM credits to be Reflected in RGGI Charge		Supplemental PJM credits actually Reflected in RGGI Charge to date		
	PJM Credits to be Reflected in RGGI Surcharge When PJM Revenues are Received	Cumulative total to be reflected	PJM Revenues Actually Received and reflected in RGGI Charge	PJM Revenues Actually Received Applicable to Base Residual Auction	Cumulative total Actual PJM Revenues reflected in RGGI Charge
6/1/2018 - 5/31/2019	\$4,166,893				
6/1/2019 - 5/31/2020	\$1,971,854				

ATLANTIC CITY ELECTRIC COMPANY
RGGI Recovery Charge
Demand Response Program
New Jersey Deferral Calculation Interest Rates

(1) (2)

<u>Date</u>	<u>ACE Short-Term Debt Rate</u> USE WEIGHTED AVE FOR BOTH CP & ST NOTES
May-15	0.47%
Jun-15	0.46%
Jul-15	0.45%
Aug-15	0.45%
Sep-15	0.45%
Oct-15	0.45%
Nov-15	0.46%
Dec-15	0.53%
Jan-16	0.65%
Feb-16	0.33%
Mar-16	0.36%
Apr-16	0.42%
May-16	0.41%

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

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