



Agenda Date: 12/19/17
Agenda Item: 2A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF ATLANTIC)
CITY ELECTRIC COMPANY FOR AUTHORITY TO)
ISSUE UP TO \$350 MILLION OF LONG-TERM DEBT)
SECURITIES PURSUANT TO N.J.S.A. 48:3-9 (2018 –)
2019))
ORDER

DOCKET NO. EF17080924

Parties of Record:

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

BY THE BOARD:¹

Atlantic City Electric Company (“Petitioner” or “Company”), a public utility of the State of New Jersey, by petition filed August 24, 2017, has requested authority pursuant to N.J.S.A. 48:3-9 to: (i) not later than December 31, 2019, at its option, issue and sell in one or more series up to \$350 million in aggregate of Debt Securities (“Debt Securities”) to, among other purposes, repay secured first mortgage bonds that are scheduled to mature during November 2018 and finance a portion of the Company’s 2017 – 2019 construction program; and (ii) take any other action which may be necessary or desirable in connection therewith. The Order requested herein continues the long-term debt authority issued by the Board on December 16, 2015 in Docket No. EF15091078.

According to the petition, the proceeds of the financing will be used, in part, to repay maturing secured first mortgage bonds in the amount of \$250 million. In addition, Petitioner states that it is engaged in a construction program for the years 2017 – 2019 with estimated expenditures of \$1 billion, designed to improve and extend its facilities so as to enable it to better serve the public. The Company seeks the flexibility to issue long-term debt to permanently finance up to \$100 million of short-term debt anticipated to be incurred for outlays associated with its 2017 – 2019 construction program.

¹ Commissioner Upendra J. Chivukula did not participate.

Petitioner requested that the Debt Securities include tax-exempt bonds that may be issued through a governmental authority and/or may be issued as credit enhancement for such tax-exempt bonds. The Company also requested that the Debt Securities include secured or unsecured bank loans ("Bank Loans"). Bank Loans would carry interest rates (fixed or variable) and maturities and other terms and conditions, all of which would be dependent upon market conditions prevailing at the time of execution.

By letter dated November 29, 2017, the New Jersey Division of Rate Counsel ("Rate Counsel") stated that it has reviewed the petition and supporting documents and does not oppose the Company's request to issue \$350 million in new debt to fund its projected capital spending and the \$250 million November 2018 scheduled debt security. However, Rate Counsel requests Board approval of the petition with certain conditions and customer protections that were reflected in the Board's prior Order in Docket No. EF15091078.

DISCUSSION AND FINDINGS:

The Board, after investigation, having reviewed the petition and exhibits submitted in this proceeding, and having considered Petitioner's representations, comments submitted by Rate Counsel, and the recommendation of Board Staff, **FINDS** that the purposes of the issuance of the long-term Debt Securities are necessary, reasonable, and proper, that the proposed issuance and sale of the long-term Debt Securities is in accordance with the law, and is in the public interest.

The Board, being satisfied with the actions as proposed by Petitioner as indicated above, and approving the purposes thereof, **HEREBY ORDERS** that Atlantic City Electric Company be and the same is **HEREBY AUTHORIZED**, from time to time, and not later than December 31, 2019, as follows:

- (i) To issue and sell, from time to time, the Debt Securities in an aggregate principal amount not to exceed \$350 million to, among other purposes, repay secured first mortgage bonds that are scheduled to mature during November 2018 and finance a portion of Petitioner's 2017 – 2019 construction program; and
- (ii) To take any other actions which may be necessary or desirable in connection with the above transactions.

This Order is subject to the following provisions:

1. This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.
2. This Order shall not be construed as certification that the Debt Securities herein authorized will be represented by tangible or intangible assets of commensurate value or investment cost.
3. Except as previously set forth herein, this Order shall neither affect nor in any way limit the exercise of the authority of this Board or of the State in any future petition or in any future proceeding with respect to rates, franchises, services, financing (including method of sale of securities), accounting, capitalization or

any other matters affecting Petitioner. Rate Counsel, Board Staff, and any other parties reserve the right to examine the transactions authorized by this Order and their impact on rates in the Company's next base rate case.

4. This Order shall not constitute pre-approval or presumed approval of any costs associated with new Debt Securities. All such costs shall be subject to review for reasonableness in Petitioner's next base rate case.
5. This Order shall not affect or in any way limit the manner in which the Petitioner registers its securities with the SEC.
6. Petitioner shall provide Rate Counsel and the Board with a copy of its SEC registration statement for this debt issue, upon request.
7. Petitioner shall furnish the Board with copies of all executed indentures.
8. Whether the Debt Securities are sold in an offering that is registered under the Securities Act or sold on a competitively bid basis, Petitioner shall not issue Debt Securities at coupon rates in excess of those that would result from the Market Yield Spread Table set forth in this Order. In the event that market conditions change, Petitioner may request Board approval to issue Debt Securities at coupon rates in excess of those that would result from the Market Yield Spread Table. Any such request shall be accompanied by Petitioner's statement on the basis or the rationale therefor. If the Board approves a different Market Yield Spread Table proposed by Petitioner, Petitioner may then issue the Debt Securities in conformance with the revised table.
9. The Debt Securities authorized herein shall not be redeemed at a premium prior to maturity without further Board approval unless to achieve cost savings or more efficient capital structure. Petitioner shall maintain the records and documentation necessary to demonstrate the prudence of any such redemption.
10. The Debt Securities authorized in this docket shall be used only for the purposes identified in the Petition, and not to fund any affiliate transactions.
11. Petitioner should undertake long-term debt financings in a manner that achieves the lowest reasonable cost of capital for customers. From time to time, Petitioner shall review opportunities for economic refinancing of outstanding long-term debt.
12. Petitioner is obligated to use a prudent mix of capital to finance its utility operations and investments.
13. The authority granted in this Order shall become null and void and of no effect with respect to any portion thereof which has not been exercised by December 31, 2019.

This Order shall be effective on December 29, 2017.

DATED: 12/19/17

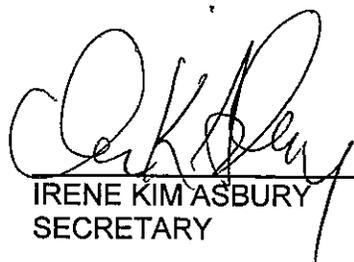
BOARD OF PUBLIC UTILITIES
BY:


RICHARD S. MROZ
PRESIDENT

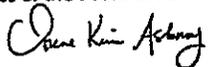

JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
SECRETARY

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



IN THE MATTER OF THE PETITION OF ATLANTIC CITY ELECTRIC
COMPANY FOR AUTHORITY TO ISSUE UP TO \$350 MILLION OF LONG-TERM
DEBT SECURITIES PURSUANT TO N.J.S.A. 48:3-9 (2018 – 2019)
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