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AUG 06 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ



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AUG 06 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

August 5, 2019

**VIA FEDERAL EXPRESS and
ELECTRONIC MAIL**
board.secretary@bpu.nj.gov

Aida Camacho-Welch
Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, Suite 314
P.O. Box 350
Trenton, New Jersey 08625-0350

RE: In the Matter of the Community Solar Energy Pilot Program
BPU QO18060646
Motion for Reconsideration

Dear Secretary Camacho-Welch:

On behalf of Atlantic City Electric Company ("ACE" or "the Company"), please accept this letter in lieu of a more formally-styled motion for reconsideration of the Board's July 10, 2019 Order, effective July 20, 2019 ("the Order"), in the above-referenced docket. Specifically, ACE seeks reconsideration of the Board's ruling regarding the charges that will be non-bypassable for purposes of calculating the bill credit applicable to the community solar pilot program. By this submission, ACE hereby joins and supports the Motion for Reconsideration filed by Jersey Central Power & Light ("JCP&L") on this same date. We write separately, however, to address ACE's unique circumstances and the particular charges that ACE respectfully requests be treated as non-bypassable for purposes of calculating the bill credit for purposes of the community solar pilot program.

The Order defines the non-bypassable charges applicable to the community solar pilot program as the Societal Benefits Charge ("SBC"), the Market Transition Charge ("MTC"), the Transition Bond Charge ("TBC"), and the Zero Emissions Certificates charge ("ZEC"). For the reasons set forth herein, ACE respectfully submits that the Order is too limiting in this regard, and that the list of non-bypassable charges should be expanded to also include: (1) the Non-Utility Generation Charge ("NGC"); (2) the Market Transition Tax Charge ("MTC-Tax"); (3) the Customer Charge; and (4) the Regional Greenhouse Gas Initiative ("RGGI") Recovery charges.

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TRENTON, NJ

ACE notes that it sought non-bypassable treatment of each of these charges within its submissions during the stakeholder process that culminated with the aforementioned Order. *See* ACE's May 15, 2019 Comments.

A. The NGC Charge

In ACE's case, ACE's NGC charge is explicitly defined as successor to the MTC within the ACE tariff. *See* ACE Tariff Sheet No. 54, annexed hereto as Exhibit A ("Rider MTC was replaced by Rider NGC, effective June 1, 2005."). Indeed, ACE currently has no separate MTC charge within its tariff. The status of ACE's NGC charge as successor to the MTC was established in *I/M/O The Petition of Atlantic City Electric Company d/b/a Conectiv Power Delivery for Approval of Amendments to its Tariff to Provide for an Increase in Rates for Electric Service*, BPU Order No. ER02080510 (Order entered July 8, 2004). Because the Board has already recognized the MTC as non-bypassable for purposes of calculating the community solar pilot program bill credit, it logically follows that the Board should similarly treat ACE's NGC charge as non-bypassable. ACE observes that pursuant to JCP&L's Motion for Reconsideration, JCP&L is similarly situated, where that company's NGC charge is the successor to its MTC charge. Accordingly, ACE requests the same relief by this submission.

B. The MTC-Tax Charge

The MTC-Tax Charge appears within ACE's Tariff under "Rider (SEC) Securitization". *See* ACE Tariff Sheet No. 56, annexed hereto as Exhibit B. Along with the MTC-Tax, the only other charge that appears within ACE's Rider SEC is the TBC *See id.* The MTC-Tax Charge and the TBC are closely linked. In brief, the TBC (which the Order recognizes as non-bypassable for purposes of calculating the bill credit), represents the charge designed to ensure full and timely recovery of all bondable stranded costs including financing charges and certain associated expenses. Relatedly, the MTC-Tax charge is levied to recover the income taxes ACE pays on those bond revenues. As such, it would be incongruous to consider the TBC non-bypassable, but to exclude the MTC-Tax, given the inextricable link between the two charges. The Board has recognized the link between these two charges in a past order, and expressly considered both the TBC and the MTC-Tax to be non-bypassable: "the TBC and the MTC-Tax are nonbypassable and will be assessed against and collected from all customers of the Company or any Successor Utility until all Ongoing Transition Bond Costs and other bondable stranded costs determined to be recoverable in this Financing Order are paid in full, even past legal maturity . . ." *I/M/O The Petition of Atlantic City Electric for Bonded Stranded Costs . . . to Authorize the Imposition of a Non-Bypassable Transition Bond Charge and a Related Market Transition Charge-Tax Component . . .*, BPU Order No. EF01060394, at 16-17 (Order entered September 20, 2002).

In this regard, ACE observes that JCP&L's MTC-Tax charge happens to appear within that company's NGC Rider. *See* JCP&L Tariff Sheet Nos. 40, 40A, and 41, annexed hereto as Exhibit C. Should the Board recognize ACE's (and JCP&L's) first argument—that the NGC should be considered non-bypassable—JCP&L's MTC-Tax charge would be considered non-bypassable, by virtue of where it happens to appear within JCP&L's Tariff. Should the Board deny the relief sought here by ACE—that its MTC-Charge also be recognized as non-bypassable, despite

appearing outside ACE's NGC Tariff—the result would be that JCP&L's MTC-Tax charge would be considered non-bypassable whereas ACE's would not be considered non-bypassable. This would create a divergence in how each company calculates the bill credit for community solar participants, a result that ACE does not believe the Board intends. As such, ACE respectfully requests that the Board amend its Order to treat ACE's MTC-Tax charge as non-bypassable.

C. The Customer Charge

Like JCP&L, ACE respectfully requests that the Board consider the “customer charge” as non-bypassable for purposes of calculating the community solar bill credit. We note that as of August 2, 2019, Staff has indicated that it intends to recommend to the Board that the customer charge be considered non-bypassable, and that the Board has listed this docket as an agenda item for its August 7, 2019 meeting (presumably to address at least this issue pertaining to the community solar bill credit, and hopefully others). For the sake of completeness, however, ACE respectfully requests that the customer charge be deemed non-bypassable by the Board, for the reasons set forth within JCP&L's motion, for the reasons set forth therein.

D. RGGI Charges

ACE's Tariff also contains a RGGI Rider, which contains charges that fund clean energy initiatives, not unlike the SBC (which the Order recognizes as non-bypassable). *See* ACE Tariff Sheet No. 64, annexed hereto as Exhibit D. At present, ACE's RGGI Rider consists of two charges: (1) the Residential Controllable Smart Thermostat Program charge; and (2) the Solar Renewable Energy Certificate (“SREC”) charge. While it appears in ACE's tariff, the thermostat charge is currently \$0.000000, and the program is expected to end on May 31, 2020. That said, ACE currently levies a relatively small but nonetheless non-zero SREC charge under the RGGI Rider.¹ This charge may increase in the future, however, and has long been considered non-bypassable in virtually all contexts, with the exception of the Order, which does not reference the SREC charge. Even though the SREC charges are not specifically referenced in statute, they are properly considered non-bypassable because these charges are used to fund clean energy programs, similar to those funded via the SBC and the ZEC.

¹ ACE's current SREC charge captures expenses associated with the “SREC I” program. Notably, ACE also has a pending filing with the Board seeking to include an “SREC II” charge within its tariff, to be placed under the RGGI Rider (albeit with a filed rate of \$0.000000).

Thank you for your consideration of the foregoing request for reconsideration of the July 10, 2019 Order pertaining to the community solar pilot program. ACE looks forward to upcoming opportunities to provide further input on this subject in the future.

Respectfully submitted,


Andrew J. McNally

Enclosures

cc: Ariane Benrey, BPU
Bart Kilar, BPU
Michael Winka, BPU
Paul Lupo, BPU
Stacy Peterson, BPU
Andrea Hart, BPU
Stefanie A. Brand, Esquire, Division of Rate Counsel
Philip J. Passanante, Esquire ACE (via email)
Joseph Shea, PSE&G (via email)
Teresa Harrold, JCP&L (via email)
Thomas Donadio, JCP&L (via email)
JoAnne Seibel, RECO (via email)

Exhibit A

ATLANTIC CITY ELECTRIC COMPANY
BPU NJ No. 11 Electric Service - Section IV Second Revised Sheet Replaces First Revised Sheet No. 54

Rider (MTC)
Market Transition Charge (MTC)

Rider MTC was replaced by Rider NGC, effective June 1, 2005.

Date of Issue: March 27, 2019

Effective Date: April 1, 2019

Issued by: David M. Velazquez, President and Chief Executive Officer – Atlantic City Electric Company
Filed pursuant to Board of Public Utilities of the State of New Jersey directives associated with the
BPU Docket No. ER18080925

Exhibit B

ATLANTIC CITY ELECTRIC COMPANY

**BPU NJ No. 11 Electric Service - Section IV Twentieth Revised Sheet Replaces Nineteenth Revised Sheet
No. 56**

**RIDER (SEC)
Securitization**

This Rider provides the two charges associated with the securitization of stranded costs. The charges included in this Rider are:

Transition Bond Charge

The Transition Bond Charge (TBC) is designed to insure full and timely recovery of all Bondable Stranded Costs including financing charges and related costs.

MTC-Tax

The Market Transition Charge Tax (MTC-Tax) is designed to recover all income taxes associated with the TBC and MTC-Tax revenues.

These charges are applicable to all kWhs delivered to customers receiving service under all Electric Rate Schedules and any customer taking service under special contractual arrangements.

The Company's TBC and MTC-Tax Charges to be effective on and after the date indicated below are as follows:

| | |
|-------------------------|--------------------|
| Transition Bond Charge: | \$0.001805 per kWh |
| MTC-Tax | \$0.000292 per kWh |

NEW JERSEY SALES AND USE TAX (SUT)

Charges under this Rider include a component for New Jersey Sales and Use Tax as set forth in Rider SUT.

Date of Issue: March 27, 2019

Effective Date: April 1, 2019

**Issued by: David M. Velazquez, President and Chief Executive Officer – Atlantic City Electric Company
Filed pursuant to Board of Public Utilities of the State of New Jersey directives associated with the
BPU Docket No. ER18080925**

Exhibit C

JERSEY CENTRAL POWER & LIGHT COMPANY

BPU No. 12 ELECTRIC - PART III

5th Rev. Sheet No. 40
Superseding 4th Rev. Sheet No. 40

Rider NGC
Non-utility Generation Charge

APPLICABILITY: Rider NGC provides a non-utility generation charge ("NGC") applicable to all KWH usage of any Full Service Customer or Delivery Service Customer. Effective September 1, 2004, Rider MTC ("Market Transition Charge") is renamed Rider NGC to comply with the BPU Final Order dated May 17, 2004 (Docket Nos. ER02080506, etc.) that "the MTC shall be discontinued and renamed the NGC" for customer billing purposes.

Effective August 1, 2003, the Company recovers through the MTC charge, the MTC deferred balance which includes: (1) BPU-approved costs incurred during the transition to a competitive retail market and under-recovered during the period from August 1, 1999 through July 31, 2003; and (2) all BPU-approved costs associated with committed supply energy, capacity and ancillary services, net of all revenues from the sale of the committed supply in the wholesale market (Docket Nos. EX01110754 and EX01050303, etc.) Carrying cost shall be computed on a monthly basis at the applicable BPU-approved interest rate on the average net-of-tax over or under-recovered balance of the MTC, compounded annually.

Effective August 1, 2003, the composite MTC Factor shall be \$0.011013 per KWH (excluding SUT), which includes the interim recovery of MTC deferred balance as of July 31, 2003, until the BPU's decision on the securitization of the MTC deferred balance.

Effective June 1, 2005, the composite MTC Factor shall be reduced to \$0.010614 per KWH (excluding SUT), which includes the anticipation of the savings to be realized from the securitization of a portion of the MTC deferred balance as of July 31, 2003 ("Deferred BGS Transition Costs") pending the BPU approval. By Order dated June 8, 2006, the BPU approved the securitization of Deferred BGS Transition Costs.

Effective December 6, 2006, the composite MTC/NGC Factor shall be \$0.015492 per KWH (excluding SUT), which includes an increase in the NGC Factor of \$0.004878 per KWH.

Effective March 1, 2011, the composite MTC/NGC Factor shall be \$0.007687 per KWH (excluding SUT), which includes a decrease in the NGC Factor of \$0.007805 per KWH.

Effective March 1, 2012, the composite MTC/NGC Factor shall be \$0.002839 per KWH (excluding SUT), which includes a decrease in the NGC Factor of \$0.004848 per KWH.

Effective February 2, 2015, the composite MTC/NGC Factor shall be \$0.003750 per KWH (excluding SUT), which includes an increase in the NGC Factor of \$0.000911 per KWH.

Effective September 1, 2016, the composite MTC/NGC Factor shall be \$0.005012 per KWH (excluding SUT), which includes an increase in the NGC Factor of \$0.001262 per KWH. By Board Order dated May 31, 2017 (Docket No. ER16101046), the Board approved no change to this Factor for the 2015 NGC Filing.

Effective June 10, 2017, the composite MTC/NGC Factor shall be \$0.001527 per KWH (excluding SUT), which includes a decrease in the NGC Factor of \$0.001548 per KWH and the OC-TBC and OC-MTC-Tax associated with the securitization of Oyster Creek at zero rate. By Board Order dated September 17, 2018 (Docket No. ER17030306), the Board approved no change to this Factor for the 2016 NGC Filing.

Effective November 1, 2018, the composite MTC/NGC Factor shall be \$0.000451 per KWH (excluding SUT), which includes a decrease in the NGC Factor of \$0.001076 per KWH. By Board Order dated June 12, 2019 (Docket No. ER18090977), the Board approved no change to this Factor for the 2017 NGC Filing.

Issued: June 24, 2019

Effective: July 1, 2019

Filed pursuant to Order of Board of Public Utilities

Docket No. ER18090977 dated June 12, 2019

Issued by James V. Fakult, President
300 Madison Avenue, Morristown, NJ 07962-1911

JERSEY CENTRAL POWER & LIGHT COMPANY

BPU No. 12 ELECTRIC - PART III

Original Sheet No. 40A

| |
|--|
| <p>Rider NGC Non-utility Generation Charge</p> |
|--|

For billing purposes, the composite MTC/NGC Factor of \$0.000451 per KWH, which includes the revised DB-TBC and DB-MTC-Tax associated with the securitization of Deferred BGS Transition Costs, as detailed below, shall be applied to all KWH usage of any Full Service Customer or Delivery Service Customer as follows:

| <u>Voltage Adjusted MTC Charges per KWH (renamed NGC Charges per KWH)</u> | <u>Including SUT</u> | |
|---|----------------------|-------------------|
| Secondary Voltages | \$0.000461 | \$0.000492 |
| (Applicable to Service Classifications RS, RT, RGT, GS, GST, OL, SVL, MVL, ISL and LED) | | |
| Primary Voltages | \$0.000437 | \$0.000466 |
| (Applicable to Service Classification GP) | | |
| Transmission Voltages | \$0.000429 | \$0.000457 |
| High Tension Service (230 KV) | \$0.000420 | \$0.000448 |
| (Applicable to Service Classification GT) | | |

Issued: **October 29, 2018**

Effective: **November 1, 2018**

Filed pursuant to Order of Board of Public Utilities

Docket No. ER18090977 dated October 29, 2018

Issued by James V. Fakult, President
300 Madison Avenue, Morristown, NJ 07962-1911

JERSEY CENTRAL POWER & LIGHT COMPANY

BPU No. 12 ELECTRIC - PART III

5th Rev. Sheet No. 41
Superseding 4th Rev. Sheet No. 41

Rider NGC
Non-utility Generation Charge

Securitization of Oyster Creek

On February 6, 2002, the BPU approved and issued a Bondable Stranded Costs Rate Order ("Oyster Creek Rate Order") (Docket No. EF99080615) authorizing the issuance and sale of up to \$320 million aggregate principal amount of transition bonds to recover certain bondable stranded costs related to the investment in the Oyster Creek Nuclear Generating Station, the imposition of a non-bypassable Transition Bond Charge ("OC-TBC") for the recovery of such costs and the related Market Transition Charge-Tax ("OC-MTC-Tax"). The bondable stranded costs are defined in the Oyster Creek Rate Order and include: (1) the capital reduction costs, (2) the upfront transaction costs and (3) the ongoing transition bond costs.

Effective June 11, 2002, the MTC included an OC-TBC of \$0.001921 per KWH and an OC-MTC-Tax of \$0.000505 per KWH (or \$0.002036 per KWH and \$0.000535 per KWH including SUT, respectively). The OC-TBC and OC-MTC-Tax are governed by the provisions of the Oyster Creek Rate Order and are subject to periodic true-ups, at least annually but not more frequently than quarterly, except monthly true-ups are permitted in the last year before the scheduled maturity of the transition bonds and continuing until final maturity, as provided in the Oyster Creek Rate Order.

On February 28, 2017, a true-up letter was filed with the BPU in accordance with the provisions in the Oyster Creek Rate Order. Effective May 1, 2017 through May 6, 2017, the OC-TBC and OC-MTC-Tax shall be \$0.001198 per KWH and \$0.000739 per KWH, respectively (or \$0.001280 per KWH and \$0.000790 per KWH including SUT, respectively). Effective May 7, 2017, the OC-TBC and OC-MTC-Tax shall be at zero.

Securitization of Deferred BGS Transition Costs

By Order dated June 8, 2006, the BPU approved and issued a Bondable Stranded Costs Rate Order ("Deferred BGS Transition Costs Rate Order") (Docket No. ER03020133) authorizing the issuance and sale of \$182.4 million aggregate principal amount of transition bonds to recover the Company's net of tax deferred basic generation service transition costs incurred during the transition period from August 1, 1999 through July 31, 2003, the imposition of a non-bypassable Transition Bond Charge ("DB-TBC") for the recovery of such costs and the related Market Transition Charge-Tax ("DB-MTC-Tax"). The bondable stranded costs are defined in the Deferred BGS Transition Costs Rate Order and include: (1) the upfront transaction costs and (2) the ongoing transition bond costs.

Effective August 10, 2006, the NGC included a DB-TBC of \$0.001230 per KWH and a DB-MTC-Tax of \$0.000572 per KWH (or \$0.001316 per KWH and \$0.000612 per KWH including SUT, respectively). The DB-TBC and DB-MTC-Tax are governed by the provisions of the Deferred BGS Transition Costs Rate Order and are subject to periodic true-ups, at least annually but not more frequently than quarterly, and continuing until final maturity, as provided in the Deferred BGS Transition Costs Rate Order.

On March 22, 2019, a true-up letter was filed with the BPU in accordance with the provisions in the Deferred BGS Transition Costs Rate Order. Effective June 1, 2019, the DB-TBC and DB-MTC-Tax shall be revised to \$0.000783 per KWH and \$0.000296 per KWH, respectively (or \$0.000835 per KWH and \$0.000316 per KWH including SUT, respectively).

Issued: March 22, 2019

Effective: June 1, 2019

Filed pursuant to Order of Board of Public Utilities
Docket No. ER03020133 dated June 8, 2006

Issued by James V. Fakult, President
300 Madison Avenue, Morristown, NJ 07962-1911

Exhibit D

ATLANTIC CITY ELECTRIC COMPANY

BPU NJ No. 11 Electric Service - Section IV Fifteenth Revised Sheet Replaces Fourteenth Revised Sheet No. 64

RIDER RGGI

Regional Greenhouse Gas Initiative Recovery Charge

A. Applicability

This Rider is applicable to Rate Schedules RS, MGS Secondary, MGS Primary, AGS Secondary, AGS Primary, TGS, DDC, SPL and CSL. Amounts billed to customers shall include a charge to reflect regional greenhouse gas initiative program costs. Except where indicated otherwise, Rider "RGGI" will be determined annually based on projections of program costs (including an adjustment for variances between budgeted and actual prior year expenditures) and forecasts of kilowatt hour sales. The charge (in dollars per kilowatt hour) will be computed by dividing the total annual amount to be recovered for by forecasted retail sales (in kilowatt hours).

RGGI Programs

Residential Controllable Smart Thermostat Program (RCSTP) (\$/kWh) \$0.000000

This charge component is intended to recover costs associated with the Residential Controllable Smart Thermostat Demand Response Program.

Solar Renewable Energy Certificate (SREC) (\$/kWh) \$0.000417

This charge component is intended to recover net costs associated with the Solar Renewable Energy Certificate Program.

Date of Issue: March 27, 2019

Effective Date: April 1, 2019

**Issued by: David M. Velazquez, President and Chief Executive Officer – Atlantic City Electric Company
Filed pursuant to Board of Public Utilities of the State of New Jersey directives associated with the
BPU Docket No. ER18080925**