

Andrew J. McNally
Assistant General Counsel



An Exelon Company

Mailing Address:
92DC42
PO Box 6066
Newark, DE 19714-6066

609.909.7033 – Telephone
609.393.0243 – Facsimile
andrew.mcnally@exeloncorp.com

atlanticcityelectric.com

Overnight Delivery:
500 N. Wakefield Drive
Newark, DE 19702

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CASE MANAGEMENT
2019 OCT 28 11:11
BOARD OF PUBLIC UTILITIES
TRENTON, NJ

October 25, 2019

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aida.camacho@bpu.nj.us
board.secretary@bpu.nj.us

Hon. Aida Camacho-Welch
Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

RECEIVED
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OCT 28 2019
BOARD OF PUBLIC UTILITIES
TRENTON, NJ

RE: In the Matter of the Petition of Atlantic City Electric Company for Approval of an Infrastructure Investment Program, and Related Cost Recovery Mechanism, Pursuant to *N.J.A.C. 14:3-2A.1 et seq.*
BPU Docket No. EO18020196

Dear Secretary Camacho-Welch:

The undersigned represents Atlantic City Electric Company ("ACE" or the "Company"), the Petitioner in the above-referenced Infrastructure Investment Program ("IIP") proceeding. In lieu of a more formal filing, please accept this letter as a request by ACE to modify the April 18, 2019 Order of the New Jersey Board of Public Utilities (the "Board") authorizing the Company to implement an IIP and related cost recovery mechanism.¹ With this letter, the Company requests a change in the date on which its first rate recovery filing is due, and in the investment period to be reflected in that filing. Specifically, ACE seeks to change its initial IIP rate recovery filing from November 1, 2019 to May 1, 2020, and to recover IIP investments for the period July 1, 2019 through June 30, 2020. No changes, other than the dates in the initial filing, are being requested. The reasons supporting the Company's request are set out below.

¹ See *I/M/O the P Petition of Atlantic City Electric Company for Approval of an Infrastructure Investment Program, and Related Cost Recovery Mechanism, Pursuant to N.J.A.C. 14:3-2A.1 et seq.*, BPU Docket No. EO18020196, Decision and Order Approving Stipulation of Settlement (dated April 18, 2019) [hereinafter, the "IIP Order"]. Please note that, to the extent deemed necessary by the Board, the Company's request to modify the IIP Order also encompasses a request to modify the Stipulation of Settlement approved by the IIP Order.

Case Mgmt
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Background

On December 19, 2017, the Board established the IIP to encourage utilities to accelerate investments in certain types of non-revenue producing facilities.² A key feature of the IIP is the ability of participating utilities to obtain accelerated cost recovery for qualifying IIP investments. On March 1, 2018, ACE initiated this docket when it filed a Petition with the Board seeking approval of an IIP to be implemented in the 2019 to 2022 time period, with a total investment level of \$338.2. In addition to ACE, the Parties to this proceeding include the Staff of the Board ("Staff"), the Division of Rate Counsel ("Rate Counsel"), and Participants, Public Service Electric and Gas Company ("PSE&G") and Jersey Central Power & Light Company ("JCP&L"). Following two public comment hearings, extensive discovery, and numerous settlement discussions, ACE, the Staff and Rate Counsel executed a Stipulation of Settlement on April 15, 2019 (the "Stipulation").³ The Board subsequently approved the Stipulation and issued the IIP Order on April 18, 2019.

As set out in the Stipulation and approved in the IIP Order, ACE was authorized to invest approximately \$96.5 million in its electric distribution system over the period beginning July 1, 2019 through June 30, 2023. Exhibit C to the Stipulation addressed the IIP cost recovery mechanism, and included an IIP rate recovery filing schedule. Pursuant to that schedule, ACE was permitted to seek cost recovery of IIP investments made between July 1, 2019 and December 31, 2019 provided those investments were placed into service and totaled at least \$9.6 million. That initial cost recovery filing is due to be filed on November 1, 2019, with rates effective on or before April 1, 2020.

Requested Relief

Recently, the Company concluded that although progress is being made on the IIP projects, it was unlikely that \$9.6 million will be placed in service to meet the \$9.6 million filing threshold for its initial November 1, 2019 rate recovery filing. The Company also determined that it could meet that \$9.6 million placed in service threshold if the initial rate recovery period covered twelve months, rather than six months, as originally approved by the Board. As a result, ACE requests that the Board permit the Company to delay its initial filing only for six months so that ACE may recover IIP investments made and placed into service in the period July 1, 2019 through June 30, 2020. All other filing dates under the IIP schedule remain unchanged. For the sake of clarity, the original filing schedule contained in Exhibit C is set out below with the Company's proposed change indicated in bold typeface.

² The detailed IIP regulations may be found at *N.J.A.C. 14:3-2A.1 et seq.*

³ PSE&G and JCP&L did not sign the Stipulation, but indicated they did not object to the terms of the Stipulation.

IIP Filing Schedule				
Filing	Initial Filing	Investment as of	Update for Actuals	Rates Effective on or before
1	November 1, 2019 May 1, 2020	December 31, 2019 June 30, 2020	January 21, 2020 July 21, 2020	April 1, 2020 October 1, 2020
2	November 1, 2020	December 31, 2020	January 21, 2021	April 1, 2021
3	November 1, 2021	December 31, 2021	January 21, 2022	April 1, 2022
4	November 1, 2022	December 31, 2022	January 21, 2023	April 1, 2023
5	May 1, 2023	June 30, 2023	July 21, 2023	October 1, 2023

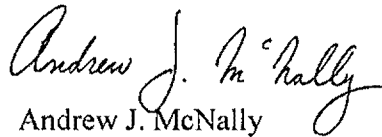
There are several reasons the Company has been challenged to meet the \$9.6 million placed in service threshold. First, ACE initiated spending on some projects prior to the beginning of the July 1, 2019 investment period—rendering that spending ineligible for recovery through the IIP. Second, some of the projects slated for the initial 2019 investment period are not scheduled to be placed into service until 2020, and so will not be eligible for recovery until that time. Third, significant IIP spending is presently scheduled to occur in the fourth quarter of 2019; however, completing and placing those projects in service will be dependent on consistently favorable weather conditions. While such conditions could occur, the Company is reluctant to make a November 1 filing projecting \$9.6 million of assets to be placed in service only to later fall short of that threshold due to weather or other delays. Given the relatively short review period contemplated in the IIP filing schedule, ACE is mindful of the limited resources of Staff and Rate Counsel and does not wish to make a filing that is ultimately at risk of not meeting the minimum threshold.

Finally, ACE believes the filing change it has requested is limited in scope, consistent with the IIP regulations, preserves the administrative resources of the Board Staff and Rate Counsel, and represents a balancing of the interests of customers and the Company. The requested change does not change the total number of IIP filings, nor the eligible investments stated in the Stipulation and ultimately approved by the Board. The request is merely a timing change in the initial filing. Although the Company is seeking a slight modification in the filing schedule, ACE has nonetheless invested millions of dollars in 2019 to serve customers. With this request, the Company seeks an opportunity to recover the costs of those investments, pursuant to the adjusted schedule as set forth above.

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For the foregoing reasons, ACE respectfully requests that the Board modify its April 18, 2019 IIP Order to permit the Company to make its initial IIP rate recovery filing on May 1, 2020 for investments made and placed into service during the time period July 1, 2019 to June 30, 2020.

Respectfully submitted,


Andrew J. McNally

cc: Service List

I/M/O Petition of Atlantic City Electric Company for Approval of an Infrastructure Investment Program,
and Related Cost Recovery Mechanism, Pursuant to N.J.A.C. 14:3-2A.1 et seq.
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Service List

BPU

Aida Camacho-Welch
Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
aida.camacho@bpu.nj.gov
board.secretary@bpu.nj.gov

Paul Flanagan, Esquire
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
paul.flanagan@bpu.state.nj.us

Grace Strom Power, Esquire
Chief of Staff
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
grace.power@bpu.nj.gov

Abraham Silverman, Esquire
Chief Counsel
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
abe.silverman@bpu.nj.gov

Stacy Peterson
Director, Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
stacy.peterson@bpu.nj.gov

David Brown
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
david.brown@bpu.nj.gov

Ryan Moran
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
ryan.moran@bpu.nj.gov

Kevin Moss
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
kevin.moss@bpu.nj.gov

Beverly Tyndell
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
beverly.tyndell@bpu.nj.gov

Andrea Hart, Esquire
Legal Specialist
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
andrea.hart@bpu.nj.gov

Jackie O'Grady
Office of the Chief Economist
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
jackie.ogradv@bpu.nj.gov

Stephan Luma
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
stephan.luma@bpu.nj.gov

Paul Lupo
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
paul.lupo@bpu.nj.gov

DIVISION OF LAW

Pamela L. Owen, Esquire
Deputy Attorney General
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101-45029
pamela.owen@law.njoag.gov

Geoffrey Gersten, Esquire
Deputy Attorney General
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101-45029
geoffrey.gersten@law.njoag.gov

Peter Van Brunt, Esquire
Deputy Attorney General
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101-45029
peter.vanbrunt@law.njoag.gov

RATE COUNSEL

Stefanie A. Brand Esquire
Director
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625-0003
sbrand@rpa.nj.gov

Brian O. Lipman, Esquire
Litigation Manager
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625-0003
blipman@rpa.nj.gov

Ami Morita, Esquire
Managing Attorney - Electric
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625-0003
amorita@rpa.nj.gov

Maria Novas-Ruiz, Esquire
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625-0003
mnovas-ruiz@rpa.nj.gov

Kurt S. Lewandowski, Esquire
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625-0003
klewando@rpa.nj.gov

James Glassen, Esquire
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625-0003
jglassen@rpa.nj.gov

Celeste Clark
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625-0003
cclark@rpa.nj.gov

Deborah Layugan
Paralegal
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625-0003
dlayugan@rap.nj.gov

**RATE COUNSEL
CONSULTANTS**

Max Chang
Synapse Energy Economics, Inc.
485 Massachusetts Avenue, Suite 2
Cambridge, MA 02139
mchang@synapse-energy.com

David Peterson
Chesapeake Regulatory Consultants
Suite 202
10351 Southern Maryland Blvd.
Dunkirk, MD 20754
davep@chesapeake.net

Charles Salamone
Cape Power Systems Consulting
630 Cumberland Drive
Flagler Beach, FL 32136
csalamone@capepowersystems.com

Marlon Griffing
PCMG and Associates
90 Moonlight Court
Toms River, NJ 08753
mgriffing@pcmgregcon.com

ACE

Andrew J. McNally, Esquire
Atlantic City Electric Company
150 West State Street
Trenton, NJ 08608
andrew.mcnelly@exeloncorp.com

Philip J. Passanante, Esquire
Assistant General Counsel
Atlantic City Electric Company
92DC42
500 N. Wakefield Drive
P.O. Box 6066
Newark, DE 19714-6066
philip.passanante@pepcoholdings.com

Clark M. Stalker, Esquire
Associate General Counsel
Pepco Holdings LLC
92DC42
500 N. Wakefield Drive
P.O. Box 6066
Newark, DE 19714-6066
clark.stalker@exeloncorp.com

Colleen A. Foley, Esquire
Saul Ewing Arnstein & Lehr LLP
One Riverfront Plaza
1037 Raymond Blvd., Suite 1520
Newark, NJ 07102-5426
colleen.foley@saul.com

Michael Normand
Pepco Holdings LLC
92DC56
500 N. Wakefield Drive
P.O. Box 6066
Newark, DE 19714-6066
michael.normand@delmarva.com

ACE CONSULTANT

Robert B. Hevert
ScottMadden, Inc.
1900 West Park Drive, Suite 250
Westborough, MA 01581
bhevert@scottmadden.com

PARTICIPANTS

Justin B. Incardone, Esquire
PSEG Services Corporation
80 Park Plaza, T5G
P.O. Box 570
Newark, NJ 07102
justin.incardone@pseg.com

Danielle Lopez, Esquire
PSEG Services Corporation
80 Park Plaza, T5G
P.O. Box 570
Newark, NJ 07102
danielle.lopez@pseg.com

Lauren M. Lepkoski, Esquire
FirstEnergy Services Company
Legal Department
2800 Pottsville Pike
Reading, PA 19612-6001
llepkoski@firstenergycorp.com