

92DC42
PO Box 6066
Newark, DE 19714-6066

667.313.0418 - Telephone
302.429.3801 - Facsimile
philip.passanante@pepcoholdings.com

500 N. Wakefield Drive
Newark, DE 19702

atlanticcityelectric.com

July 1, 2022

VIA ELECTRONIC MAIL

carmen.diaz@bpu.nj.gov
board.secretary@bpu.nj.gov

Carmen D. Diaz
Acting Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

RE: In the Matter of the Petition of Atlantic City Electric Company for Approval of Amendments to Its Tariff to Provide for an Increase in Rates and Charges for Electric Service Pursuant to *N.J.S.A. 48:2-21* and *N.J.S.A. 48:2-21.1*, and for Other Appropriate Relief (12/2020)
BPU Docket No. ER20120746

Notice of Intent to Discontinue Credit and Reset to \$0.00 Certain Rate Classes on Rider EDIT

Dear Acting Secretary Diaz:

The undersigned is privileged to serve as Assistant General Counsel to Atlantic City Electric Company (“ACE” or the “Company”) in connection with the above referenced matter.

As part of the Stipulation of Settlement that was adopted by the New Jersey Board of Public Utilities (the “Board” or “BPU”) on July 14, 2021, in a Decision and Order Adopting Initial Decision and Stipulation of Settlement (the “Order”), the Board found as follows:

6. Pursuant to the Board’s Order in BPU Docket No. ER18030241, implementing provisions of the Tax Cuts and Jobs Act of 2017 (“TCJA”), ACE has been providing revenue credits via Rider Excess Deferred Income Tax Credit (“Rider EDIT”) since October 1, 2018.¹ Rider EDIT is intended to ensure the amount of the TCJA

¹ *In re the Matter of the Petition of Atlantic City Electric Company for Approval of the Treatment of Tax Impacts Associated with Implementation of Tax Cuts and Jobs Act of 2017 and to Determine the Appropriate Level and*

tax benefits associated with non-protected assets is returned to customers over a five (5) year period. As described in the Stipulation [of Settlement adopted by the Order], the Signatory Parties [BPU Staff, the New Jersey Division of Rate Counsel (“Rate Counsel”), and the Company] have agreed to accelerate the amortization of EDIT.

7. Specifically, the Signatory Parties agree that the Company, based on \$15.8 million of EDIT revenue requirement acceleration, shall be permitted to amortize and apply approximately \$11.3 million of non-protected EDIT liability to income in 2021 [footnote deleted]. Since new rates will not be effective until January 1, 2022, the \$15.8 million represents an estimated \$21.4 million in additional base rate revenues ACE would have otherwise requested become effective upon Board approval, net of the approximately \$5.6 million in storm amortization expense included in the \$21.4 million that will not begin amortization until January 1, 2022, as further detailed in Paragraph 21 [of the Order]. More specifically, this amount of EDIT liability will be amortized in an accelerated manner between July 15, 2021, and December 31, 2021, to offset the base rate increase that otherwise would have occurred in this period, and shall be amortized to income, for the benefit of the Company and its customers. The approximately \$11.3 million non-protected EDIT liability reduces the \$116.4 million of non-protected EDIT balances due to customers as directed in the Company’s TCJA Order.² ****

* * *

9. The Signatory Parties [to the Order] agree that the Company’s proposed acceleration of non-protected EDIT amortization as detailed above in the Stipulation will reduce the non-protected EDIT balance and thus the time to credit customers the benefits related to that balance. The Signatory Parties [to the Order] acknowledge that the Company will need to reset Rider EDIT rates to \$0.00 to ensure the Company does not provide excess credits to customers. Due to the nature of the revenue allocation and rate increase as well as historical sales, the timing of resetting each rate schedule’s Rider EDIT rate to \$0.00 may differ.

Mechanism by Which Rates Must Be Adjusted to Reflect the Benefits of the Act, BPU Docket No. ER18030241, Amended Order dated October 29, 2018 (the “TCJA Order”).

² Footnote 11 of the Order stated that “[t]he \$116.4 million initial non-protected EDIT liability balance was comprised of \$100.0 million relating to non-protected property EDIT and \$16.4 million relating to non-protected non-property EDIT.

10. The Signatory Parties agree that the Company will provide Staff and Rate Counsel with a compliance filing and status report no later than 60 days prior to setting a rate schedule's Rider EDIT rate to \$0.00. When the final rate schedule is anticipated to be set to \$0.00, the Company will terminate Rider EDIT.³ ACE agrees to provide a final reconciliation for Rider EDIT in the Company's next base rate case."

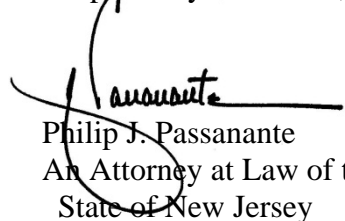
Please be advised that the EDIT credit will soon be exhausted with respect to the MGS Primary rate class. As such, in accordance with and pursuant to the obligations and commitments outlined in the Order, **ACE provides notice that the ACE EDIT credit for the MGS Primary rate class will be discontinued and reset to \$0.00 per kWh on or by September 1, 2022.**⁴ Attached as **Exhibit A** are "clean" and "show changes" versions of tariff sheets demonstrating discontinuance of the credit for customers on the MGS Primary rate class as of that date. **Exhibit B** consists of a spreadsheet which demonstrates that the MGS Primary rate on Rider EDIT will be reset to \$0.00 per kWh on September 1, 2022.

Based upon the terms of the Order, the rate change documented by this compliance filing does not require further action on the part of the Board prior to its implementation.

Consistent with the Order issued by the Board in connection with *In the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations*, BPU Docket No. EO20030254, Order dated March 19, 2020, these documents are being electronically filed with the Acting Secretary of the Board, the Division of Law, and Rate Counsel. No paper copies will follow.

Thank you for your consideration and courtesies. Feel free to contact the undersigned with any questions or if I can be of further assistance.

Respectfully submitted,


Philip J. Passanante
An Attorney at Law of the
State of New Jersey

Enclosure

cc: Service List

³ As noted in footnote 12 of the Order, "[t]his is consistent treatment with the termination of ACE's Amortization of Excess Depreciation Reserve ('AEDR') Rider, filed July 12, 2013, BPU Docket No. ER11080469." The paragraphs quoted in this letter notification can be found on pages 6 – 8 of the Stipulation of Settlement in the above-referenced matter.

⁴ The MGS Primary rate is currently set as (\$0.004098) per kWh.

Exhibit A

Clean

ATLANTIC CITY ELECTRIC COMPANY

BPU NJ No. 11 Electric Service - Section IV One Hundredth and Twenty-First Revised Sheet Replaces One Hundredth and Twentieth Revised Sheet No. 3

**SECTION IV
TABLE OF CONTENTS (Continued)**

<u>RATE SCHEDULE</u>	<u>SHEET NO.</u>	<u>REVISION NO.</u>
RIDER SBC – Societal Benefits Charge	58	Forty-Third Revised
Intentionally Left Blank	59	Eighth Revised
RIDER BGS – Basic Generation Service	60	Twenty-Seventh Revised
RIDER BGS – Basic Generation Service (cont'd.)	60a	Forty-First Revised
RIDER BGS – Basic Generation Service (cont'd.)	60b	Fifty-Sixth Revised
RIDER NEM - Net Energy Metering	61	Third Revised
RIDER NEM – Net Energy Metering (cont'd.)	62	Second Revised
RIDER NEM – Net Energy Metering (cont'd.)	63	First Revised
RIDER NEM – Aggregated Net Energy Metering	63a	First Revised
RIDER NEM – Aggregated Net Energy Metering (cont'd.)	63b	Original
RIDER NEM – Aggregated Net Energy Metering (cont'd.)	63c	Original
RIDER NEM – Aggregated Net Energy Metering (cont'd.)	63d	Original
RIDER RGGI – Regional Greenhouse Gas Initiative Recovery Charge	64	Twenty-Fourth Revised
Intentionally Left Blank	65	Fourth Revised
RIDER EDIT – Excess Deferred Income Tax Credit	66	Third Revised
RIDER ZEC - Zero Emission Certificate Recovery Charge	67	Second Revised
RIDER IIP – Infrastructure Investment Program Charge	68	Second Revised
RIDER CIP – Conservation Incentive Program Recovery Charge	69	Original
RIDER CIP – Conservation Incentive Program Recovery Charge (cont'd)	69a	Second Revised
RIDER CIP – Conservation Incentive Program Recovery Charge (cont'd)	69b	Original
RIDER CIP – Conservation Incentive Program Recovery Charge (cont'd)	69c	Original

Date of Issue: July 1, 2022

Effective Date: September 1, 2022

Issued by: J. Tyler Anthony, 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. ER20120746

RIDER EDIT**Excess Deferred Income Tax Credit****AVAILABILITY**

This rider is applicable to Rate Schedules RS, MGS Secondary, MGS Primary, AGS Secondary, AGS Primary, TGS, DDC, SPL and CSL.

Rider "EDIT" is to ensure the full amount of the Tax Cut and Jobs Act (TCJA) tax benefits associated with the non-protected assets are returned to customers over a five (5) year period.

The charge for each Rate Schedule is as follows:

<u>Rate Class</u>	<u>EDIT Credit (w/ SUT)</u>		
RS	\$	(0.004884)	\$ per kWh
MGS Secondary	\$	(0.004789)	\$ per kWh
MGS Primary	\$	(0.000000)	\$ per kWh
AGS Secondary	\$	(0.002785)	\$ per kWh
AGS Primary	\$	(0.001621)	\$ per kWh
TGS Subtransmission	\$	(0.000605)	\$ per kWh
TGS Transmission	\$	(0.000630)	\$ per kWh
SPL/CSL	\$	(0.019798)	\$ per kWh
DDC	\$	(0.003515)	\$ per kWh

Date of Issue: July 1, 2022**Effective Date: September 1, 2022**

Issued by: J. Tyler Anthony, 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. ER20120746

Exhibit A

Redlined

ATLANTIC CITY ELECTRIC COMPANY

**BPU NJ No. 11 Electric Service - Section IV One Hundredth and ~~Twentieth~~Twenty-First Revised Sheet
Replaces One Hundredth and ~~Nineteenth~~Twentieth Revised Sheet No. 3**

**SECTION IV
TABLE OF CONTENTS (Continued)**

<u>RATE SCHEDULE</u>	<u>SHEET NO.</u>	<u>REVISION NO.</u>
RIDER SBC – Societal Benefits Charge	58	Forty-Third Revised
Intentionally Left Blank	59	Eighth Revised
RIDER BGS – Basic Generation Service	60	Twenty-Seventh Revised
RIDER BGS – Basic Generation Service (cont'd.)	60a	Forty-First Revised
RIDER BGS – Basic Generation Service (cont'd.)	60b	Fifty-Sixth Revised
RIDER NEM - Net Energy Metering	61	Third Revised
RIDER NEM – Net Energy Metering (cont'd.)	62	Second Revised
RIDER NEM – Net Energy Metering (cont'd.)	63	First Revised
RIDER NEM – Aggregated Net Energy Metering	63a	First Revised
RIDER NEM – Aggregated Net Energy Metering (cont'd.)	63b	Original
RIDER NEM – Aggregated Net Energy Metering (cont'd.)	63c	Original
RIDER NEM – Aggregated Net Energy Metering (cont'd.)	63d	Original
RIDER RGGI – Regional Greenhouse Gas Initiative Recovery Charge	64	Twenty-Fourth Revised
Intentionally Left Blank	65	Fourth Revised
RIDER EDIT – Excess Deferred Income Tax Credit	66	Second <u>Third</u> Revised
RIDER ZEC - Zero Emission Certificate Recovery Charge	67	Second Revised
RIDER IIP – Infrastructure Investment Program Charge	68	Second Revised
RIDER CIP – Conservation Incentive Program Recovery Charge	69	Original
RIDER CIP – Conservation Incentive Program Recovery Charge (cont'd)	69a	Second Revised
RIDER CIP – Conservation Incentive Program Recovery Charge (cont'd)	69b	Original
RIDER CIP – Conservation Incentive Program Recovery Charge (cont'd)	69c	Original

Date of Issue: ~~May 26~~July 1, 2022

Effective Date: ~~June~~September 1, 2022

**Issued by: J. Tyler Anthony, 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. ~~ER22020038, ER21030631 and ER20030190~~ER20120746**

ATLANTIC CITY ELECTRIC COMPANY

**BPU NJ No. 11 Electric Service - Section IV Third Revised Tariff Sheet Replaces Second Revised Tariff
Sheet ~~Replaces First Revised Tariff Sheet~~ No. 66**

Excess Deferred Income Tax Credit

AVAILABILITY

This rider is applicable to Rate Schedules RS, MGS Secondary, MGS Primary, AGS Secondary, AGS Primary, TGS, DDC, SPL and CSL.

Rider "EDIT" is to ensure the full amount of the Tax Cut and Jobs Act (TCJA) tax benefits associated with the non-protected assets are returned to customers over a five (5) year period.

The charge for each Rate Schedule is as follows:

<u>Rate Class</u>	<u>EDIT Credit (w/ SUT)</u>	
RS	\$ (0.004884)	\$ per kWh
MGS Secondary	\$ (0.004789)	\$ per kWh
MGS Primary	\$ (0.004098)	\$ per kWh
AGS Secondary	\$ (0.002785)	\$ per kWh
AGS Primary	\$ (0.001621)	\$ per kWh
TGS Subtransmission	\$ (0.000605)	\$ per kWh
TGS Transmission	\$ (0.000630)	\$ per kWh
SPL/CSL	\$ (0.019798)	\$ per kWh
DDC	\$ (0.003515)	\$ per kWh

Date of Issue: ~~March 27, 2019~~ July 1, 2022

Effective Date: ~~April~~ September 1, 2019 2022

Issued by: ~~David M. Velazquez~~ J. Tyler Anthony, 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~~ ER20120746

Exhibit B

MGSP EDIT Credit Shut Off													
		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate**	Estimate**	Estimate**		
Total 5 Year		One-Time Credits					July 2021 -					Remaining EDIT	
		(Non-Protected	Oct 2018 -	Jan 2019 -	Jan 2020 -	Jan 2021 -	Dec 2021	Jan 2022 -					
Class	EDIT Credits	Property)	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Accelerated EDIT*	May 2022	Jun-22	Jul-22	Aug-22	Credits as of August 2022***	
MGSP	\$ (728,009)	\$ (20,035)	\$ (20,848)	\$ (129,196)	\$ (129,778)	\$ (189,209)	\$ (85,770)	\$(111,952)	\$ (14,333)	\$ (15,139)	\$ (23,671)	\$	11,919

*The Accelerated EDIT for July 2021 - December 2021 was approved in BPU Docket No ER20120746.

**Estimated EDIT credits provided by customers are based on prior year EDIT credits provided during the given month

***Credits exceed Total 5 Year EDIT Credits - EDIT Credits provided are subject to refund in next ACE Base Rate Case per BPU Docket No. ER20120746

Notice of Intent to Discontinue Credit and Reset to \$0.00 Certain Rate Classes on Rider EDIT

I/M/O the Petition of Atlantic City Electric Company for Approval of Amendments to Its Tariff to Provide for an Increase in Rates and Charges for Electric Service Pursuant to *N.J.S.A. 48:2-21* and *N.J.S.A. 48:2-21.1*, and for Other Appropriate Relief (12/2020)
OAL Docket No. PUC 00284-2021S
BPU Docket No. ER20120746

Service List

BPU

Carmen D. Diaz ♦
Acting Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
P.O. Box 350
Trenton, NJ 08625-0350
carmen.diaz@bpu.nj.gov
board.secretary@bpu.nj.gov

Robert Brabston, Esquire
Executive Director
robert.brabston@bpu.nj.gov

Stacy Peterson
Deputy Executive Director
stacy.peterson@bpu.nj.gov

Benjamin Witherell, Ph.D.
Chief Economist
benjamin.witherell@bpu.nj.gov

Taryn Boland
Chief of Staff
taryn.boland@bpu.nj.gov

Abraham Silverman, Esquire
Chief Counsel
abe.silverman@bpu.nj.gov

Mike Kammer
Director
Divisions of Energy and Water
mike.kammer@bpu.nj.gov

Son Lin Lai, Ph.D.
son-lin.lai@bpu.nj.gov

Jacqueline Galka
jacqueline.galka@bpu.nj.gov

Jackie O'Grady
jackie.ogrady@bpu.nj.gov

Julie Ford-Williams
julie.ford@bpu.nj.gov

Richard Lambert
richard.lambert@bpu.nj.gov

Scott Sumliner
scott.sumliner@bpu.nj.gov

Beverly Tyndell
beverly.tyndell@bpu.nj.gov

David Brown
david.brown@bpu.nj.gov

Paul Lupo
paul.lupo@bpu.nj.gov

Bart Kilar
bart.kilar@bpu.nj.gov

Heather Weisband
heather.weisband@bpu.nj.gov

Cindy Bianco
cindy.bianco@bpu.nj.gov

Ryan Moran
ryan.moran@bpu.nj.gov

Jason Forsythe
jason.forsythe@bpu.nj.gov

William Barkasy
william.barkasy@bpu.nj.gov

DAG
Pamela L. Owen, Esquire
Deputy Attorney General
Division of Law
Hughes Justice Complex
25 Market Street
P.O. Box 112
Trenton, NJ 08625
pamela.owen@law.njoag.gov
Brandon C. Simmons, Esquire
Deputy Attorney General
brandon.simmons@law.njoag.gov

Steven A. Chaplar, Esquire
Deputy Attorney General
steven.chaplar@njoag.gov

Jenique Jones
Paralegal
jenique.jones@law.njoag.gov

RATE COUNSEL

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

Christine Juarez, Esquire
cjuarez@rpa.nj.gov

Brian Weeks, Esquire
bweeks@rpa.nj.gov

Maria Novas-Ruiz, Esquire
mnovas-ruiz@rpa.nj.gov

T. David Wand, Esquire
dwand@rpa.nj.gov

Robert M. Glover, Esquire
rglover@rpa.nj.gov

Bethany Rocque-Romaine, Esquire
bromaine@rpa.nj.gov

Debora Layugan
dlayugan@rpa.nj.gov

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

Cynthia L.M. Holland, Esquire
cynthia.holland@exeloncorp.com

Clark M. Stalker, Esquire
Associate General Counsel
clark.stalker@exeloncorp.com

Marisa Slaten
Director
Regulatory Strategy & Services
marisa.slaten@exeloncorp.com

Heather Hall
Manager, Regulatory Affairs
heather.hall@pepcoholdings.com