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January 31, 2023

VIA ELECTRONIC MAIL

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Carmen D. Diaz
Acting Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
P.O. Box 350
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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 Discontinuance of Credit and Reset of Certain Rate Classes on Rider EDIT to \$0.00

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 a Decision and Order Adopting Initial Decision and Stipulation of Settlement (the “Order”) that was adopted by the New Jersey Board of Public Utilities (the “Board” or “BPU”) on July 14, 2021, 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, 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.

10. The Signatory Parties agree that the Company will provide Staff and Rate Counsel with a compliance filing and status report no later

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."

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."

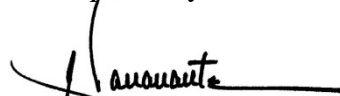
Please be advised that the EDIT credit will soon be exhausted with respect to the Company's Residential Service ("Residential"), Transmission General Service (TGS"), Transmission General Service – Transmission ("TGS-T"), Street and Private Lighting ("SPL"), and Contributed Street Lighting ("CSL") rate classes. 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 Residential, TGS, TGS-T, SPL, and CSL rate classes will be discontinued and reset to \$0.00 per kWh on April 1, 2023.** Attached as **Exhibit A** are "clean" and "show changes" versions of tariff sheets demonstrating discontinuance of these credits for customers on the Residential, TGS, TGS-T, SPL, and CSL rate classes as of that date. **Exhibit B** consists of a spreadsheet demonstrating that the Residential, TGS, TGS-T, SPL, and CSL rates on Rider EDIT will be reset to \$0.00 per kWh on April 1, 2023.

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 the New Jersey Division of Rate Counsel. No paper copies will follow.

Thank you for your attention 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.

Residential, TGST, TGS, SPL/CSL 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 - Dec	Jan 2020 - Dec	Jan 2021 - Dec	Dec 2021	Jan 2022 - Dec					
Class	EDIT Credits	Property)	Dec 2018	2019	2020	2021	Accelerated EDIT*	2022	Jan-23	Feb-23	Mar-23	Credits as of April 2023***	
Res	\$ (94,753,828)	\$ (2,929,757)	\$ (3,130,712)	\$ (18,239,239)	\$ (18,555,488)	\$ (18,776,966)	\$ (10,265,976)	\$ (18,438,509)	\$ (1,696,174)	\$ (1,525,417)	\$ (1,329,423)	\$	133,832
TGST	\$ (1,460,683)	\$ (49,065)	\$ (53,385)	\$ (340,246)	\$ (280,726)	\$ (315,952)	\$ -	\$ (314,613)	\$ (24,838)	\$ (24,349)	\$ (23,728)	\$	(33,781)
TGS	\$ (1,206,577)	\$ (29,804)	\$ (46,567)	\$ (273,774)	\$ (233,748)	\$ (268,085)	\$ -	\$ (283,644)	\$ (26,270)	\$ (25,886)	\$ (25,085)	\$	6,284
SPL/CSL	\$ (6,768,214)	\$ (210,678)	\$ (304,250)	\$ (1,327,363)	\$ (1,307,994)	\$ (1,292,404)	\$ (541,892)	\$ (1,285,465)	\$ (139,176)	\$ (116,357)	\$ (113,742)	\$	(128,893)

*The Accelerated EDIT for July 2021 - December 2021 was approved in BPU Docket No ER20120746.
**Estimated EDIT credits provided by customers are based on current long-range plan information.
***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.

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OAL Docket No. PUC 00284-2021S
BPU Docket No. ER20120746

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