



Agenda Date: 12/21/22
Agenda Item: 2F

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
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 APPROVAL OF)
POWERING THE FUTURE, AN INFRASTRUCTURE)
INVESTMENT PROGRAM AND RELATED COST)
RECOVERY MECHANISM, PURSUANT TO N.J.A.C.)
14:3-2A.1 ET SEQ.) DOCKET NO. ER22100666

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Phillip J. Passanante, Esq., Atlantic City Electric Company

BY THE BOARD:

BACKGROUND

On October 31, 2022, Atlantic City Electric Company (“ACE” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) seeking approval to implement its proposed Powering the Future Infrastructure Investment Program (“IIP” or “Program”) and an associated cost recovery mechanism pursuant to N.J.A.C. 14:3-2A.1 et seq. (“II&R Rules”) (“Petition”).¹ The Company proposed a four (4)-year Program with a total investment level of \$379 million.

In its Petition, ACE proposed to invest in the following subprograms: 1) Targeted Reliability Improvements; 2) Smart Technology Upgrades; 3) Infrastructure Renewal; 4) Solar/DER Enablement; and 5) Substation Improvements.

¹ On December 19, 2017, the Board adopted new regulations for utility “Infrastructure Investment and Recovery” supporting the implementation of an Infrastructure Investment Program, which allows a utility to accelerate its investment in the construction, installation, and rehabilitation of certain non-revenue producing utility plant and facilities that enhance safety, reliability, and/or resiliency. The rules are codified at N.J.A.C. 14:3-2A.1 et seq. and became effective on January 16, 2018.

As noted in the Petition, the proposed Program includes 80 electric projects totaling approximately \$379 million, as summarized below:

Subprogram	Projects	Costs
Targeted Reliability Improvements	Long Radial Remediation, New Feeders, Rear Lot Conversions, Reconductoring, Underground Residential Development (“URD”), Unfused Laterals, and Priority Feeders	\$92.8 Million
Smart Technologies Upgrades	Capacitors, Reclosers, Smart Sensors, Fiber/Radio, Regulators, and Distribution Automation	\$68.5 Million
Infrastructure Renewal	Abandoned Line, Cable URD, Network Renewal, Open Wire Secondaries, Cutout Replacement, and Recloser Replacement	\$87.5 Million
Solar/DER Enablement	Substation Reverse Power Protection (Capital), Substation Reverse Power Protection (O&M), and Solar/DER Distribution Line Improvements	\$34.9 Million
Substation Improvement	New Substation, Substation Additions, Substation Reliability, Substation Renewal	\$96.8 Million

ACE proposed a cost recovery mechanism that would establish a new component of the Company’s Tariff Rider IIP to recover costs of the Program. The Company proposed that the total revenue requirement be allocated to each rate class based upon the percentage of total distribution revenue authorized for that class by the Board in its most recent base rate case. Once the revenue targets are established, the Rider IIP rates will be designed for each rate class based upon the class’s distribution rate design components.

According to the Petition, an IIP Surcharge would be set semi-annually based upon the Company’s forecasted revenue requirement associated with the Program, adjusted for any prior period over- or under-recoveries, including interest, and a forecast of the Company’s kWh deliveries to customers for each annual period. The Company proposed six (6) rate adjustment filings that would include six (6) months of actual data and six (6) months of forecasted data, with rate adjustments effective two (2) months after each filing. The IIP Surcharge filing would provide for: 1) the recovery of the Program revenue requirement for the period; and 2) the recovery of any over- or under-recovered balances including interest.

ACE proposed that any unrecovered Program or project investment costs be rolled into base rates during future base rate cases. The proposed IIP Surcharge cost recovery mechanism would continue to be used until all Program costs are rolled into base rates.

As noted in the Petition, the estimated initial bill impact for a typical residential customer using 680 kWh would be an increase of \$0.94, or 0.67%. The cumulative bill impact for a typical residential customer with an average annualized monthly usage of 680 kWh is estimated to be an overall increase of \$5.01 or 3.55% at the end of the four year IIP period.

DISCUSSION

The Board **HEREBY ORDERS** that the Petition described above be retained by the Board for hearing, and pursuant to N.J.S.A. 48:2-32, **HEREBY DESIGNATES** Commissioner Solomon as the Presiding Officer with authority to rule on all motions that arise during the pendency of these

proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues. Further, the Board **HEREBY DIRECTS** that any entity seeking to intervene or participate in this matter file the appropriate application with the Board on or before January 13, 2023. Any party wishing to file a motion for admission of counsel, *pro hac vice*, should do so concurrently with any motion to intervene or participate.

In addition, in compliance with the Board's Order in Docket No. EO20030254, all parties are **HEREBY DIRECTED** to serve all documents electronically.² No hard copies shall be filed until the Board lifts the restrictions imposed in that Order. The Board **HEREBY DIRECTS** Staff to post this Order to the Board's website.

The effective date of this Order is December 28, 2022.

DATED: December 21, 2022

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT




MARY-ANNA HOLDEN
COMMISSIONER




DIANNE SOLOMON
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER



DR. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST: 

CARMEN D. DIAZ
ACTING SECRETARY

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

² In re 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.

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THE FUTURE, AN INFRASTRUCTURE INVESTMENT PROGRAM AND RELATED COST RECOVERY
MECHANISM, PURSUANT TO N.J.A.C. 14:3-2A.1 ET SEQ.

BPU DOCKET NO. ER22100666

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