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June 24, 2019

**VIA FEDERAL EXPRESS and
ELECTRONIC MAIL**

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board.secretary@bpu.nj.gov

Aida Camacho-Welch
Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
P.O. Box 350
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RE: In the Matter of the 2019/2020 Annual Compliance Filings for a Change
in the Statewide Electric and Gas Permanent Universal Service Fund
Program Factors Within the Electric and Gas Societal Benefits Charges
Rates Pursuant to *N.J.S.A. 48:2-21* and *N.J.S.A. 48:2-21.1*
BPU Docket No. ER19060736

Atlantic City Electric Company
2019/2020 Annual Compliance Filing for the Universal Service Fund Program
Factor Within the Societal Benefits Charge Rate

Dear Secretary Camacho-Welch:

Pursuant to the Board of Public Utilities' ("Board") Order dated June 22, 2005, an annual compliance filing for prospective Universal Service Fund ("USF") rates is required to be made on or by July 1st of each year. Enclosed, therefore, for filing in connection with the above-captioned USF proceeding are an original and eleven (11) copies of Atlantic City Electric Company's ("ACE" or the "Company") 2019/2020 USF compliance filing. Kindly acknowledge receipt of this filing by date stamping the enclosed copy of this letter and returning same in the enclosed self-addressed, stamped envelope.

In order to streamline the Board's review and processing of this proceeding, the State's electric and gas utilities, consistent with past practice, have presented supporting documentation for joint recommendations within the compliance filing that is being contemporaneously filed by Public Service Electric and Gas Company ("PSE&G"). This filing documents ACE's support of a *decrease* in the current Statewide electric USF rate on and after October 1, 2019.

Aida Camacho-Welch

June 24, 2019

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Based upon (i) the results known to date for the 2018/2019 USF program year and (ii) the available estimates for the 2019/2020 USF program year, it is proposed that USF rates should be set to recover \$111.4 million *on a Statewide basis*. The details for the recovery of this \$111.4 million are set forth on the template attached hereto as **Attachment A**. Additionally, it is proposed that Lifeline rates should be set to recover \$74.6 million *on a Statewide basis*. The details for the recovery of this amount are also set forth on the template appended hereto as **Attachment A**.

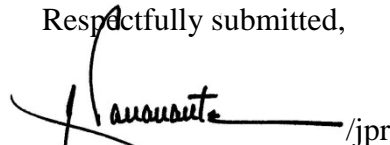
In accordance with the Board's July 16, 2003 Order, the Company has attached proposed tariff sheets, to be effective October 1, 2019 (**Attachment B**), proposing to *decrease* its electric USF program factor from .001255 cents per kWh (.001338 cents per kWh, including Sales and Use Tax ["SUT"]) to .001159 cents per kWh (.001236 cents per kWh, including SUT) and to *increase* its Lifeline charge from .000706 cents per kWh (.000753 cents per kWh, including SUT) to .000708 cents per kWh (.000755 cents per kWh, including SUT).

Since the proposed USF rate is decreasing and the proposed Lifeline rate is increasing for 2019/2020, public hearings will likely be required. A proposed public notice that is consistent in all material respects with the public notices provided by the other EDCs will follow under separate cover. The form of notice will be published in newspapers having a circulation within ACE's service territory, and notice of this filing will be served on the County Executives and Clerks of all municipalities as required by law.

The Company respectfully requests that the Board accept this filing and issue an Order (i) approving and implementing a decrease in the current Statewide electric USF rate and an increase in the current Lifeline charge as outlined herein for electric service on and after October 1, 2019; (ii) authorizing the full recovery and inclusion in rates of administrative costs as outlined in PSE&G's contemporaneous filing on behalf of all utilities effective for electric service rendered on and after October 1, 2019; (iii) finalizing the current USF interim rates; and (iv) granting such other or further relief as the Board shall deem just and appropriate.

Thank you for your cooperation and courtesies. Feel free to contact the undersigned with any questions.

Respectfully submitted,



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

Enclosure

cc: Service List
Sharon Roach

Attachment A

Combined USF/Lifeline Calculation of Rates as of October 1, 2019

	<u>Gas</u>	<u>Electric</u>
<u>Combined After-Tax Rate Impact</u>		
Current USF rate	\$0.0049	\$0.001338
Current Lifeline rate	<u>\$0.0054</u>	<u>\$0.000753</u>
Total Current USF/ Lifeline factor	\$0.0103	\$0.002091
New USF rate	\$0.0066	\$0.001236
New Lifeline rate	<u>\$0.0055</u>	<u>\$0.000755</u>
Total New USF/ Lifeline factor	\$0.0121	\$0.001991
Total USF/ Lifeline factor increase/(decrease)	\$0.0018	(\$0.000100)

Lifeline Calculation of Rates as of October 1, 2019

Jurisdictional Revenue Percentages		<u>Gas</u> 32%	<u>Electric</u> 68%	<u>Total</u> 100%
Lifeline budget	n	<u>\$23,872,000</u>	<u>\$50,728,000</u>	<u>\$74,600,000</u>
Projected Volumes *	g	4,553,238,517	71,601,655,064	
New rate, before tax	$o=n/g$	\$0.0052	\$0.000708	
Current before tax rate	p	<u>\$0.0051</u>	<u>\$0.000706</u>	
Pre-tax Increase/(Decrease)	$q=o-p$	\$0.0001	\$0.000002	
New Rate, after tax	$r=o*1.06625$	\$0.0055	\$0.000755	
Current Rate, after-tax	$s=p*1.06625$	\$0.0054	\$0.000753	
After-tax Increase/(Decrease)	t=r-s	\$0.0001	\$0.000002	

* Normalized jurisdictional volumes for 12 months beginning October 1, 2019.

USF Calculation of Rates as of October 1, 2019

		<u>Gas</u> 19.982%	<u>Electric</u> 80.018%	<u>Total</u> 100.000%
USF-Permanent program projections for Program Year 2020				
admin costs-DCA	a	\$1,278,874	\$5,121,131	\$6,400,005
admin costs-utility	b	\$1,218	\$295	\$1,514
estimate of benefits for next program year	c	\$23,028,534	\$92,215,635	\$115,244,169
Est. program under/(over) recovery @ 9/30/19*	d	\$2,830,074	(\$17,414,637)	(\$14,584,563)
Fresh Start Program	e	\$1,240,294	\$3,084,867	\$4,325,161
Total	f=a+b+c+d+e	<u>\$28,378,994</u>	<u>\$83,007,292</u>	<u>\$111,386,286</u>
<i>Projected Volumes **</i>	g	4,553,238,517	71,601,655,064	
New rate, before tax	h=f/g	\$0.0062	\$0.001159	
Current before tax rate	i	<u>\$0.0046</u>	<u>\$0.001255</u>	
Before tax Increase/(Decrease)	j=h-i	\$0.0016	(\$0.000096)	
New Rate, after tax	k=h*1.06625	\$0.0066	\$0.001236	
Current Rate, after tax	l=i*1.06625	\$0.0049	\$0.001338	
After tax Increase/(Decrease)	m=k-l	\$0.0017	(\$0.000102)	

* Actuals through April 2019. Estimated under/overrecovery is calculated as the difference between the USF expenditures (benefits to customers, FSP costs, administrative costs and SBC carrying costs) and the amounts received from the State. See (Projected Underrecovery by Utility-Gas) and (Projected Underrecovery by Utility-Electric) for each company's under/(over) recovery position.

** Normalized jurisdictional volumes for 12 months beginning October 1, 2019.

Attachment B

Clean

ATLANTIC CITY ELECTRIC COMPANY
BPU NJ No. 11 Electric Service - Section IV Revised Sheet Replaces Revised Sheet No. 58

RIDER (SBC)
Societal Benefits Charge (SBC)

Applicable to customers receiving service under Electric Rate Schedules RS, MGS, AGS, TS, TGS, DDC, SPL, and CSL and any customer taking service under special contractual arrangements.

In accordance with the New Jersey Electric Discount and Energy Competition Act, Societal Benefits Charges include:

- Clean Energy Program Costs
- Uncollectible Accounts
- Universal Service Fund
- Lifeline

The Company's Societal Benefits Charges to be effective on and after the date indicated below are as follows:

Clean Energy Program	\$0.003502 per kWh
Uncollectible Accounts	\$0.000243 per kWh
Universal Service Fund	\$0.001236 per kWh
Lifeline	\$0.000755 per kWh

Date of Issue:

Effective Date:

Issued by:

Attachment B

Redlined

ATLANTIC CITY ELECTRIC COMPANY

BPU NJ No. 11 Electric Service - Section IV ~~Thirty-Fifth~~ Revised Sheet Replaces ~~Thirty-Fourth~~ Revised Sheet No. 58

**RIDER (SBC)
Societal Benefits Charge (SBC)**

Applicable to customers receiving service under Electric Rate Schedules RS, MGS, AGS, TS, TGS, DDC, SPL, and CSL and any customer taking service under special contractual arrangements.

In accordance with the New Jersey Electric Discount and Energy Competition Act, Societal Benefits Charges include:

- Clean Energy Program Costs
- Uncollectible Accounts
- Universal Service Fund
- Lifeline

The Company's Societal Benefits Charges to be effective on and after the date indicated below are as follows:

Clean Energy Program	\$0.003502 per kWh
Uncollectible Accounts	\$0.000243 per kWh
Universal Service Fund	\$0. 001338 <u>001236</u> per kWh
Lifeline	\$0. 000753 <u>000755</u> per kWh

Date of Issue: ~~May 31, 2019~~

Effective Date: ~~June 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. ER19020146~~ Issued by:

I/M/O 2019/2020 Annual Compliance Filings for a Change in the Statewide Electric and Gas Permanent
Universal Service Fund Program Factors Within the Electric and Gas Societal Benefits Charges Rates
Pursuant to *N.J.S.A. 48:2-21* and *N.J.S.A. 48:2-21.1*
BPU Docket No. ER19060736

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