

**NOTICE OF
FILING AND PUBLIC HEARING
TO CUSTOMERS OF
ATLANTIC CITY ELECTRIC COMPANY**

**In the Matter of the Petition of Atlantic City Electric Company to Reconcile
and Update the Level of Its Non-Utility Generation Charge and Its Societal
Benefits Charge (2018)
BPU Docket No. ER18020120**

PLEASE TAKE NOTICE that, on or about February 5, 2018, Atlantic City Electric Company (“ACE” or the “Company”) filed a Petition (the “Petition”) with the New Jersey Board of Public Utilities (the “Board” or “BPU”) to reconcile, update, and approve proposed changes to the Company’s Non-Utility Generation Charge (“NGC”), and Societal Benefits Charge (“SBC”). ACE’s NGC provides for recovery of the above-market portion of payments made under the Company’s non-utility generation (“NUG”) contracts and certain costs associated with such commitments. ACE’s SBC was established by the Board pursuant to the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq., to recover costs related to the Universal Service Fund and Lifeline social programs, the Board’s Clean Energy Program (“CEP”), and the Company’s Uncollectible Accounts Charges (“UNC”).

As filed, the Petition proposed to reset the NGC for the period June 1, 2018 through May 31, 2019, based upon a projected deferred balance on March 31, 2018, net of projected customer revenue through May 31, 2018, and associated forecasted above market NUG costs for the period April 1, 2018 through March 31, 2019. The Company has also proposed to modify specific cost components of the SBC by adjusting the UNC and CEP components of the SBC based upon projected deferred balances as of March 31, 2018, net of projected customer revenue through May 31, 2018, and the projected expenses for the period April 1, 2018 through March 31, 2019.

As set forth in the Stipulation of Settlement and confirmed by Order of the Board issued in connection with BPU Docket No. ER17020091, the Company has provided periodic formal updates to the Board, Board Staff, and the New Jersey Division of Rate Counsel (“Rate Counsel”) with respect to the balances in the NGC and SBC. The Company’s latest quarterly report, which highlighted the over-recovered balance as of March 31, 2018, net of projected customer revenue through May 31, 2018, will be submitted on or about April 30, 2018.

The NGC component is based on actual expenditures through March 31, 2018, and projected data through March 31, 2019. It includes an over-recovery as of March 31, 2018, net of projected customer revenue through May 31, 2018, of approximately \$14.031 million including interest, to be returned over the period June 1, 2018 through May 31, 2019.

The UNC component is based on actual expenditures through March 31, 2018 and projected data through March 31, 2019. It includes an over-recovery as of March 31, 2018, net of projected customer revenue through May 31, 2018, of approximately \$7.513 million, including interest, to be returned over the period June 1, 2018 through May 31, 2019.

The Company's Petition also included ACE's proposed adjustments to the CEP component of the SBC based upon actual expenditures as of March 31, 2018, and projected data through March 31, 2019. Higher forecasted CEP expenses for the projected period April 1, 2018 through March 31, 2019 result in a net increase in the rate for the CEP component of the SBC. The CEP also includes an over-recovery as of March 31, 2018, net of projected customer revenue through May 31, 2018, of approximately \$1.307 million, including interest, to be returned over the period June 1, 2018 through May 31, 2019.

The following table demonstrates the Company's proposed rates:

| Rate Schedule | NGC | SBC |
|----------------------|------------|------------|
| Residential | \$0.009777 | \$0.004411 |
| MGS Secondary | \$0.009789 | \$0.004411 |
| MGS Primary | \$0.009533 | \$0.004411 |
| AGS Secondary | \$0.009789 | \$0.004411 |
| AGS Primary | \$0.009533 | \$0.004411 |
| TGS | \$0.009332 | \$0.004411 |
| SPL/CSL | \$0.009789 | \$0.004411 |
| DDC | \$0.009789 | \$0.004411 |

The effect of the changes in the NGC and SBC charges on typical residential customer's monthly electric bill using 716 kWh represents a decrease of approximately \$2.72 or 1.99 percent. Residential customers using other monthly usage amounts, based on the Company's proposed rates, are illustrated below. Note, however, that, while the combined effect of the proposed changes in the NGC and SBC result in a net decrease to all classes of customers, the proposed change in the CEP component, including projections through March 31, 2019, if considered on a stand-alone basis, will result in an increase in the charge for that component of the Company's Petition:

| Monthly kWh Use | Present Bill | Proposed Bill | Decrease (\$) | Decrease (%) |
|------------------------|---------------------|----------------------|----------------------|---------------------|
| 100 | \$23.28 | \$22.90 | -\$0.38 | -1.63% |
| 300 | \$60.19 | \$59.05 | -\$1.14 | -1.89% |
| 500 | \$97.09 | \$95.19 | -\$1.90 | -1.96% |
| 750 | \$143.22 | \$140.37 | -\$2.85 | -1.99% |
| 1000 | \$190.87 | \$187.07 | -\$3.80 | -1.99% |
| 2000 | \$381.46 | \$373.86 | -\$7.60 | -1.99% |
| 2500 | \$476.76 | \$467.26 | -\$9.50 | -1.99% |
| 3000 | \$572.05 | \$560.64 | -\$11.41 | -1.99% |

It is important to note that the resolution of this Petition and the reconciliation of these accounts will not result in any profit to the Company.

The Board has the statutory and regulatory authority to approve and establish the reconciliation of these accounts and charges at levels it finds just and reasonable. Therefore, the BPU may determine and establish these charges at levels other than those proposed by ACE.

This Petition was filed with the Board and copies were also served upon Rate Counsel. Copies of the Petition are available for public inspection at ACE's business office (5100 Harding Highway, Mays Landing, New Jersey 08330) during normal business hours. The Petition and any updates are posted on ACE's website at www.atlanticcityelectric.com/home/choice/nj/public/. The filing is also available at the Board of Public Utilities, 44 South Clinton Avenue, 7th Floor, Trenton, New Jersey 08625-0350.

The following date, time(s), and location for public hearings have been scheduled on the Petition so that members of the public may present their views:

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|---|---|
| Date: May 17, 2018 | Date: May 17, 2018 |
| Time: 3:30 P.M. | Time: 5:30 P.M. |
| Location: Atlantic City Electric Company Offices 1 st Floor Multi-Purpose Room 5100 Harding Highway Mays Landing, New Jersey 08330 | Location: Atlantic City Electric Company Offices 1 st Floor Multi-Purpose Room 5100 Harding Highway Mays Landing, New Jersey 08330 |

A BPU Staff representative and a representative from Rate Counsel will be present at the public hearing. Members of the public are invited to attend and express their views on this filing. Such comments will be made a part of the final record of the proceeding to be considered by the Board. In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreters, listening devices or mobility assistance, 48 hours prior to the above hearings. Customers may file written comments with the Secretary of the Board of Public Utilities at 44 South Clinton Avenue, 3rd Floor, Suite 314, Trenton, New Jersey 08625-0350, whether or not they attend the public hearings.

Atlantic City Electric Company