



A PHI Company

June 23, 2014

VIA FEDERAL EXPRESS and ELECTRONIC MAIL
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REC'D
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NJ BPU
CASE MANAGEMENT

ER14060613

RE: In the Matter of the 2014/2015 Annual Compliance Filing for a Decrease 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. EX00020091

Atlantic City Electric Company
2014/2015 Annual Compliance Filing for the Universal Service Fund Program
Factor Within the Societal Benefits Charge Rate

Dear Secretary Izzo:

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") 2014/2015 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 filed by Public Service Electric and Gas Company. This filing documents ACE's support of a decrease in the current Statewide electric USF rate on and after October 1, 2014.

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Kristi Izzo
June 23, 2014
Page 2

Based upon (i) the results known to date for the 2013/2014 USF program year and (ii) the available estimates for the 2014/2015 USF program year, it is proposed that USF rates should be set to recover \$178.8 million *on a Statewide basis*. The details for the recovery of this \$178.8 million are set forth on the template appended hereto as **Attachment A**. Additionally, based upon the available estimates to date for the 2014/2015 Lifeline program year, it is proposed that Lifeline rates should be set to recover \$75.5 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**.

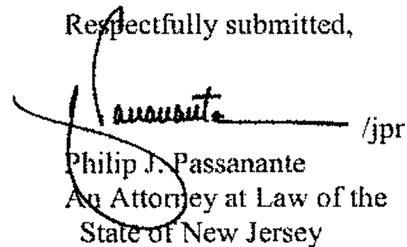
In accordance with the Board's July 16, 2003 Order, the Company has attached proposed tariff sheets, effective October 1, 2014 (**Attachment B**), proposing to decrease its electric USF program factor from .002133 cents per kWh (.002282 cents per kWh, including Sales and Use Tax ["SUT"]) to 0.001796 cents per kWh (.001922 cents per kWh, including SUT) and decrease its Lifeline charge from .000828 cents per kWh (.000886 cents per kWh, including SUT) to .000690 cents per kWh (.000738 cents per kWh, including SUT).

Since the proposed USF and Lifeline rates are decreasing for 2014/2015, we understand that public hearings will not be required and, therefore, no proposed public notice is included with this filing.

The Company respectfully requests that the Board accept this filing and issue an Order approving a decrease in the current Statewide electric USF rate as outlined herein for electric service on and after October 1, 2014.

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

Respectfully submitted,

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

Enclosures

cc: Service List
Dorothy Robinson (electronic mail)

Attachment A

Universal Service Fund - Calculation of Rates as of October 1, 2014

		<u>Gas</u> 23.736%	<u>Electric</u> 76.264%	<u>Total</u> 100.000%
USF-Permanent program projections for Program Year 2014				
admin costs-DCA	a	\$1,833,921	\$5,892,274	\$7,726,195
admin costs-utility	b	\$18,546	\$4,932	\$23,478
estimate of benefits for next program year	c	\$38,314,063	\$123,100,723	\$161,414,786
Est. program under/(over) recovery @ 9/30/14*	d	\$4,642,477	(\$1,951,237)	\$2,691,241
Fresh Start Program	e	\$2,250,085	\$4,726,539	\$6,976,624
Total	f=a+b+c+d+e	<u>\$47,059,092</u>	<u>\$131,773,232</u>	<u>\$178,832,323</u>
<i>Projected Volumes **</i>	<i>g</i>	4,533,207,142	73,358,974,158	
New rate, before tax	h=f/g	\$0.0104	\$0.001796	
Current before tax rate	i	<u>\$0.0061</u>	<u>\$0.002133</u>	
Before tax Increase/(Decrease)	j=h-i	\$0.0043	(\$0.000337)	
New Rate, after tax	k=h*1.07	\$0.0111	\$0.001922	
Current Rate, after tax	l=i*1.07	\$0.0065	\$0.002282	
After tax Increase/(Decrease)	m=k-l	\$0.0046	(\$0.000360)	

* Actuals through April 2014. 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 mos beginning 10/1/14.

Lifeline Calculation of Rates as of October 1, 2014

		<u>Gas</u>	<u>Electric</u>	<u>Total</u>
Jurisdictional Revenue Percentages		33%	67%	100%
Lifeline budget	n	<u>\$24,915,227</u>	<u>\$50,585,460</u>	<u>\$75,500,687</u>
Projected Volumes *	g	4,533,207,142	73,358,974,158	
New rate, before tax	$o=n/g$	\$0.0055	\$0.000690	
Current before tax rate	p	<u>\$0.0057</u>	<u>\$0.000828</u>	
Pre-tax Increase/(Decrease)	$q=o-p$	(\$0.0002)	(\$0.000138)	
New Rate, after tax	$r=o*1.07$	\$0.0059	\$0.000738	
Current Rate, after-tax	$s=p*1.07$	\$0.0061	\$0.000886	
After-tax increase/(Decrease)	$t=r-s$	(\$0.0002)	(\$0.000148)	

* Normalized jurisdictional volumes for 12 mos beginning 10/1/14.

Attachment B

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)**

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	\$0.000757 per kWh
Uncollectible Accounts	\$0.001632 per kWh
Universal Service Fund	\$0.002194 <u>.001922</u> per kWh
Lifeline	\$0.000886 <u>.000738</u> per kWh

Date of Issue:

Effective Date:

Issued by:

In the Matter of the 2014/2015 Annual Compliance Filing for a Decrease 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. EX00020091

Atlantic City Electric Company
2014/2015 Annual Compliance Filing for the Universal Service Fund Program
Factor Within the Societal Benefits Charge Rate
BPU Docket No. _____

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