



For Immediate Release:
May 31, 2017

Contact:
Susanne LaFrankie
(609) 292-0701
J. Gregory Reinert
(609) 777-3305

New Jersey Board of Public Utilities Approves Atlantic City Electric PowerAhead Program to Improve Storm Resiliency

- ACE to invest \$79 million in five-year grid resiliency investment
plan -

TRENTON, N.J. - The New Jersey Board of Public Utilities (Board) today approved a stipulation of settlement authorizing Atlantic City Electric (ACE) to invest \$79 million in a five-year capital investment plan to improve distribution grid resiliency under the company's PowerAhead Program. The projects are intended to improve the storm resiliency of distribution infrastructure and lessen outage restoration times for the benefit customers.

“With the lessons of past storms on our minds and hurricane season upon us, the Board appreciates the need to harden utility infrastructure to withstand threats that come with major storm events,” said Richard S. Mroz, President, New Jersey Board of Public Utilities. “The Board believes it is critical to support cost effective opportunities to harden utility infrastructure against future storms as a means to minimize the number and duration of future outages.”

On March 22, 2016, ACE filed a petition seeking approval to establish a \$176 million PowerAhead Program. The petition also requested approval of an associated cost recovery mechanism to allow ACE to recover revenue associated with the resiliency program based upon the planned in-service date.

After two public hearings held on June 30, 2016, the parties, including ACE, N.J. Division of Rate Counsel, Environmental Defense Fund and Unimin Corporation, reached a stipulation of settlement. The parties agreed to an investment level of \$79 million and the associated recovery mechanism.

The specific PowerAhead investment areas and levels are as follows:

- Structural and Electrical Hardening...\$24 million
- Selective Undergrounding..... \$11 million
- Barrier Island Feeder Ties..... \$13 million
- Distribution Automation..... \$15 million
- Electronic Fusing.....\$2 million
- New Substation – Harbor Beach.....\$14 million

The agreed upon cost recovery mechanism allows rate recovery on a provisional basis of all expenditures related to facilities that have been placed in service. The associated costs will be subject to review by the Board in ACE's next base rate case, which is to be filed within three years. The Board believes the cost recovery mechanism strikes a balance between the company's need to earn a reasonable rate of return over the life of the investments while protecting ratepayers from paying more than reasonably necessary. Ratepayers will see no rate impact until an improvement project is placed in service.

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