atlantic city electric
A PHI Company

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September 5, 2012

VIA FEDERAL EXPRESS and
ELECTRONIC MAIL
kristi.izzo@bpu.state.nj.us

Kristi Izzo
Secretary of the Board
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

RE: In the Matter of the Petition of Atlantic City Electric Company ("ACE" or the "Company") Concerning a Proposal for an Extended Solar Renewable Energy Certificate (SREC)-Based Financing Program Pursuant to N.J.S.A. 48:3-98.1
BPU Docket No. ____________________________

Dear Secretary Izzo:

By way of follow up to the Board's Order in connection with *In the Matter of the Review of Utility Supported Solar Programs*, BPU Docket No. EO1105311V (May 23, 2012) and the Company's July 1, 2012 letter pursuant thereto, enclosed please find an original and eleven copies of a Verified Petition seeking a Board Order authorizing ACE to implement an extended SREC Financing Program and approving recovery of associated program costs

Please arrange to have an acknowledged and date-stamped copy of this filing returned to the undersigned in the enclosed self-addressed, postage-prepaid envelope.

Thank you for your attention to this matter. Feel free to contact the undersigned with any questions.

Respectfully submitted,

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

Enclosures
cc: Service List

IN THE MATTER OF THE VERIFIED PETITION OF ATLANTIC CITY ELECTRIC COMPANY CONCERNING A PROPOSAL FOR AN EXTENDED SOLAR RENEWABLE ENERGY CERTIFICATE (SREC)-BASED FINANCING PROGRAM PURSUANT TO N.J.S.A. 48:3-98.1	STATE OF NEW JERSEY BOARD OF PUBLIC UTILITIES BPU Docket No. ________________ VERIFIED PETITION

ATLANTIC CITY ELECTRIC COMPANY (hereinafter referred to as the "Petitioner," "ACE" or the "Company"), a public utility corporation of the State of New Jersey (sometimes referred to herein as the "State") engaged in the purchase, transmission, distribution and sale of electric energy to residential, commercial and industrial customers across a service territory comprising eight counties located in southern New Jersey and including approximately 547,000 customers,[1] respectfully requests that the Board of Public Utilities ("BPU" or the "Board") accept this Petition as the Company's response to the Board's Order issued on May 23, 2012 in connection with Docket. No. EO11050311V (In the Matter of the Review of Utility Supported Solar Programs) with respect to ACE's proposal for an extension of the existing SREC-based Financing Program (the extension shall be referred to herein as "SREC II," the "SREC II Program" or the "SREC II Financing Program") designed to promote the use of solar energy and reduce electricity demands on its distribution system during periods of high electricity demand and high electric market prices. The Company hereby seeks approval by the Board of the proposed implementation authorizations and cost recovery mechanisms contained herein.

[1] ACE is part of the Pepco Holdings, Inc. ("PHI") family of companies. It is a wholly-owned subsidiary of Conectiv, LLC, a Delaware limited liability company, which is, in turn, a wholly-owned subsidiary of PHI, a Delaware corporation. PHI is an energy holding company engaged in regulated utility operations and sale of competitive energy products and services to residential and commercial customers. PHI companies deliver electricity and natural gas to customers in Delaware, the District of Columbia, Maryland, and New Jersey.

BACKGROUND

1. Pursuant to the requirements of the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. ("EDECA") and several statutory amendments thereto, the Board has adopted renewable portfolio standards ("RPS") rules, N.J.A.C. 14:8-2.1 *et seq*., that, among other things, require that a specified portion of the electricity supplied to New Jersey customers by each supplier or provider be supplied from solar electric generation systems. Under the RPS rules, suppliers and providers may comply with the solar requirements by submitting Solar Renewable Energy Certificates ("SRECs")[2] or by paying a Solar Alternative Compliance Payment ("SACP")[3], or a combination of the two methods.

2. At its September 12, 2007 agenda meeting, the Board directed the Office of Clean Energy ("OCE") to initiate a proceeding to explore whether additional mechanisms should be established to support the financing of solar generation projects by providing greater assurances about the cash flow to be expected from such projects, noting that such financing depends not only upon certainty about long-term maximum prices for SRECs, as provided by the established rolling eight-year SACP schedule, but also required greater certainty about the minimum cash flow from such projects. The creation of more certainty about project cash flow was initially referred to as solar "securitization," but was later referred to as SREC-based financing so as to avoid confusion with the different concept of "securitization" used in EDECA.

3. Following that proceeding, in an Order dated August 7, 2008, in BPU Docket No. EO06100744 (the "August 7 Order"), the Board, among other things, ordered ACE to file, by September 30, 2008, a proposal pursuant to N.J.S.A. 48:3-98.1 for SREC-based financing of

[2] An SREC represents the solar renewable energy attributes of one megawatt-hour of generation from an eligible solar generation facility certified by the Board's Office of Clean Energy. A megawatt shall be referred to in this Petition as "MW."

[3] In practice, the SACP sets the upper limit on the price of an SREC in the market.

solar generation projects that would incorporate the criteria and provisions outlined by the Board in the August 7 Order.

4. On September 30, 2008, ACE filed a Petition for approval of an SREC-Based Financing Program. The Petition was docketed as BPU Docket No. EO06100744. (The Company's original SREC Program will be referred to herein as "SREC I" or as the "SREC I Program.") ACE implemented the SREC I Program and engaged in periodic solicitations for qualifying projects. The last solicitation for SREC I was conducted in September 2011 and the contract awards thereunder were approved by the Board's Order dated November 9, 2011. The SREC I Program was fully-subscribed and ACE has awarded SREC purchase agreements for solar photovoltaic projects that were designed to add in excess of 19 MW of solar generating capacity in the Company's service territory. Due to project cancellations or the counterparty's failure to execute the agreement, the current status is 94 executed contracts totaling 17 MW.

5. In November 2011, OCE began a series of stakeholder meetings to consider the state of renewable energy programs in New Jersey, along with issues that arose because of the Solar Energy Advancement and Fair Competition Act (P.L. 2009, c. 289) and the 2011 Energy Master Plan. Among the issues discussed during the stakeholder meetings was whether the electric distribution companies' ("EDCs") SREC-based financing programs should be extended or expanded. Many members of the solar generation industry participated in the stakeholder meetings and several advocated for an extension or expansion of the EDCs' SREC financing programs. A related topic of discussion was whether the BPU should intervene in the solar industry in light of the decreasing value of SRECs in the open market. The Board also retained the Rutgers Center for Energy, Economic and Environmental Policy ("CEEEP") to perform an

analysis comparing the costs of the EDCs' SREC-based financing programs. The CEEEP presented its finding at two stakeholder meetings.

Toward the end of the stakeholder process, Board Staff offered suggested alternatives and, on March 6, 2012, circulated a Straw Proposal to the stakeholder group. Participants were offered an opportunity to provide written comments on the Straw Proposal and to discuss it at meetings. Staff's Straw Proposal contained the following recommendations:

1. The EDC SREC financing programs should be extended, and include a total capacity of 120 MW of capacity over three years.
2. The total capacity should be divided up among the 4 EDCs based on retail sales.
3. EDCs will be requested to submit a new filing under N.J.S.A. 48:3-98.1.
4. EDCs can file for a loan program, solicitation or both.
5. The timeframe of the loan or solicitation shall be 10 years decreasing in years over the three year program.
6. The loan or solicitation shall be "competitive," based on the market rate and the Board will not set a floor price to provide for the lowest achievable and available cost within the market segments.
7. Any capacity not requested by an EDC can be allocated to the remaining EDCs on request.
8. The extended EDC SREC financing programs will not include grid supply projects except for a set aside to be established for landfills or brownfields.
9. All grid supply projects on landfills or brownfields shall be in areas that can be supported by the distribution system.
10. The maximum size of a project would be based on the net metering limit set out in the Board's regulations.
11. The extended EDC SREC programs can be filed by the EDCs for different market segments or allocated based on size.
12. There would be a set aside for residential and small businesses market segments.
13. All EDC costs for developing, implementing and managing the extended EDC SREC financing programs including all SREC transition fees, all loan serving fees, any fees associated with the EDCs' cost of capital, and all administrative fees, would be paid for by the solar generation customer.
14. The SRECs generated by the extended EDC SREC financing program will be available for sale in a centralized auction in Energy Year ("EY") 2016.
15. The RPS would be revised to reflect an increase in solar capacity of 120 MW, effective in EY 2016.

16. The solar RPS rule revisions will include a reduction of the SREC qualification life to 10 years for new projects, and establish a decreasing trend for the qualification life through EY 2027.
17. Board Staff and CEEEP will coordinate to develop a revised SACP schedule for EY 2017 to EY 2026 to reflect lower solar installation costs.[4]

6. After reviewing the comments on its Straw Proposal, Board Staff revised it and informed the EDCs of the changes from the original version. The revised Straw Proposal was presented to the Board and ultimately incorporated into the BPU's Order dated May 23, 2012 (the "May 23, 2012 Order"). The May 23, 2012 Order approved the following Staff recommendations:

Staff recommends that the total capacity to be allocated under the Extended EDC SREC Programs would be 180 MW, to be split among the participating EDCs over 3 years.

a. The total capacity would be divided up among the EDCs based on retail sales. The EDCs will be requested to submit a new filing under N.J.S.A. 48:3-98.1.
b. Within 5 business days of the service of this Order, the EDCs shall submit a notice of their intent to file or not file for the Extended EDC SREC Program.
c. If any EDC declines to file for its allocated capacity under the Extended EDC SREC Program, this capacity may be offered to the remaining EDCs. The Board will notify the remaining EDCs by Secretary's Letter of the additional available capacity.
d. Within 3 business days of receipt of that notice, the remaining EDCs shall submit a notice of their intent to file for all or a portion of the remaining capacity.
e. OCE Staff will distribute this remaining capacity to the EDCs that requested additional capacity based on the remaining EDCs' proportionate share of retail sales up to 100% of the 180 MW.
f. This may result in a total capacity for the EDC that requests additional capacity larger than the EDC's total percentage of retail sales.
g. Within 30 days or less of the final notification of capacity allocation, the EDC shall request a 30 day pre-filing meeting as required under the May 8 Order.[5]

[4] *See* May 23, 2012 Order, pages 8-9.
[5] May 23, 2012 Order at 26.

The May 23, 2012 Order also approved the following specific provisions the EDCs were directed to follow in their new SREC financing programs:

h. The EDCs can file jointly or separately for the Extended EDC SREC program. However, all administrative activities such as the sale of acquired SRECs, in order to maximize the efficiencies of the administration and implementation will occur jointly to reduce administrative cost and to increase the effectiveness of the program.
i. EDCs can file for a loan program, solicitation or both.
j. If beneficial to the ratepayers, the timeframe of the loan or solicitation as set forth in the current EDC SREC financing programs shall be on a decreasing trend for the Extended EDC SREC Programs to assist in transitioning to a competitive solar market. The rate and term of this decreasing timeframe can be determined through the review of the EDCs' filings.
k. The loan or solicitation process shall be developed to provide for the lowest achievable and available cost within the market segments on a "competitive" basis that tracks the market rate and without a set floor price.
l. The extended EDC SREC Programs are for net metered projects except for a set aside for grid supply projects for municipal landfills or brownfields.
m. All grid supply projects on municipal landfills or brownfields shall be in areas that can be supported by the current distribution system. The cost of a required upgrade to the distribution system beyond that of any standard interconnection for the size system being interconnected is not to be included within the Extended EDC SREC Program.
n. The limit on the size of the projects, except for municipal landfills and brownfields grid supply projects, would be based on the net metering limit.
o. The extended EDC SREC Programs can be filed by the EDCs for different market segments or allocated based on size. The size and types of these different market segments should be determined through the review of the EDC filing for the Extended EDC SREC Program based on the underserved markets in the EDC area.
p. There should be a set aside for residential and small businesses market segments.
q. The EDC's costs for developing, implementing and managing the extended EDC SREC program including all SREC transition fees, all loan serving fees, and any fees associated with the EDC's weighed average cost of capital, and all administrative fees would be paid for by the solar developer or the generation customer.
r. The SRECs generated by the extended EDC SREC Program will be available for sale in a centralized auction in EY 2016. If the SREC market is in balance or under supplied before 2016 or if the Extended EDC SRECs could exceed their trading lives then, the EDC can jointly sell the Extended SRECs before 2016.
s. The recovery of costs for the Extended EDC SREC Programs should also include the carrying costs of the SRECs held before sale. The recovery mechanism and

method can be determined through the EDC's Filing for the Extended EDC SREC program.

t. The sale of these additional SRECs will be timed to minimize the additional impact in the market and the ratepayer. The specifics of this sale will be addressed through a solar RPS rule amendment and can be determined through the EDC Filing for the Extended EDC SREC program.

The Order also approved Staff's recommendation to address related issues through a rulemaking. May 23, 2012 Order, pages 27-28.

7. The May 23, 2012 Order directed the EDCs "to file within, [sic] 5 business days of service of this Order, a notice of their intention to participate or not to participate in the Extended EDC SREC Programs consistent with Staffs recommendations adopted by the Board herein." *Id*. at 28. In a letter dated June 1, 2012, ACE informed the Board of its intent to participate in the Extended SREC Program" and that ACE's "willingness to make this voluntary filing is premised on the Board's approval of a program – including a cost recovery and incentive mechanism – that is similar in all material respects to the SREC Financing Program that ACE has participated in with Jersey Central Power and Light Company ["JCP&L"] and Rockland Electric Company since 2008."

8. On July 13, 2012, ACE conducted a 30-day pre-filing meeting, in which BPU Staff, its counsel from the Division of Law, and representatives from the New Jersey Division of Rate Counsel ("Rate Counsel") participated. Consequently, and in accord with the Board's directives, ACE is filing this Petition seeking approval of its SREC II Program.

As more fully described in the direct testimony of Timothy J. White, PHI's Manager of Policy Coordination, attached hereto and incorporated herein as **Exhibit A**, Petitioner's proposed extension of the current SREC I Program is designed to be in compliance and conformance with the requirements for such a program, as outlined in the Board's May 23, 2012 Order in BPU Docket No. EO11050311V.

ACE'S PROPOSED SREC II PROGRAM

General Issues

9. The Company intends the SREC II Program to be similar in all material respects to the current SREC I Program. Any significant changes to the program will be discussed in the testimony of Company Witness White. As described in summary fashion below, the Company is seeking authorization to recover net program costs for its proposed extension of the current SREC IProgram through a proposed change to the cost recovery mechanism included in Rider Regional Greenhouse Gas Initiative ("Rider RGGI") surcharge. The Rider RGGI surcharge will apply across all electric distribution customers as more fully described in the direct testimony of Joseph F. Janocha, which is attached hereto and incorporated herein as **Exhibit B**.

10. This Petition respectfully requests authorization pursuant to the Board's legislative authority to implement the SREC II Financing Program and authorize the surcharge to recover net program costs, as detailed herein and in the testimonies submitted herewith. Such authorization will enable the Company to implement the Board's objectives for advancing the use of solar energy in the Petitioner's service territory and allow for the recovery of future net costs of this initiative. It will also provide necessary assurances to the investment community that costs incurred in developing and executing them will be fully recovered in a timely manner through appropriate mechanisms. In addition to the Rider RGGI surcharge, the Company is proposing non-refundable application fee of $150 per bid (referred to herein as an "Administrative Fee"). The Petitioner recommends replacing the refundable bid deposit with the non-refundable fee to ease the burden on the Company of having to obtain banking information

from all bidders so that fees can be refunded. In addition to the administrative fee, experience from the SREC I Program has shown that many entities sell and assign their SREC Purchase and Sale Agreements ("PSAs") and/or require collateral assignments for their financing purposes. Petitioner respectfully submits that the Board should permit ACE to assess an assignment fee of $1,500 per assignment of an SREC-PSA (referred to herein as an "Assignment Fee"). These costs will be billed directly to the counterparty under the SREC-PSA that is seeking to assign the agreement. ACE will credit the revenues it receives from the Administrative and Assignment Fees to the Rider RGGI to offset a portion of the program costs to be recovered through Rider RGGI.

The Company estimates that, over a three year period, approximately 23 MW of installed solar capacity will be generated in its service territory as a result of the SREC II Financing Program proposed herein. The actual MW to be solicited each year will be updated pursuant to an annual review of the actual inventory of solar projects, as discussed in more detail in **Exhibit A**.

11. Solar projects will be selected for contracting based on the lowest net present value ("NPV") cost of the agreement, as discussed further under "Solicitation and Approval Process" below. In accord with the May 23, 2012 Order, ACE is proposing three program segments: (1) net-metered residential and small commercial solar photovoltaic projects less than or equal to 50 kW ("Segment 1"); (2) net-metered solar photovoltaic projects greater than 50 kW ("Segment 2"); and (3) grid-connected solar photovoltaic projects on closed landfills and brownfields ("Segment 3").

SREC Purchase Agreement

12. In the first year of the solicitation phase (under which ACE will select solar projects with which it will enter into an SREC-PSA, the Company will seek proposals for SREC-PSAs with a term of 10 years. In the second year of the solicitation phase, the Company will seek proposals for SREC-PSAs with a term of nine years; and, in the third year of the solicitation phase, the Company will seek proposals for SREC-PSAs with a term of eight years. The staggered contract terms (which are suggested in the Board's May 23, 2012 Order)[6], will result in all of the SREC-PSAs terminating in the same year. Subject to Board approval, as discussed below, ACE proposes to enter into SREC-PSAs, having terms of 10, nine, and eight years, with solar projects to be selected from the solicitation process based on the selection criteria described under "Solicitation and Approval Process" below. ACE will employ standard agreements in the form approved by the Board as part of this proceeding, and will not negotiate the provisions of individual agreements, in a process similar to that employed in connection with the Supplier Master Agreements in the Basic Generation Service proceedings. Petitioner's proposed form of SREC II-PSA, which is substantially similar to the SREC-PSA used in the SREC I Program, is attached hereto as **Exhibit D**. The form of SREC II-PSA contains changes the Board has previously approved for the SREC I Program, as well as certain additional modifications designed to facilitate administrative efficiency in light of ACE's experience with the SREC I Program. As reflected in **Exhibit D**, the Company maintains that it is critical that the SREC II-PSA continue to contain a so-called "regulatory out" clause that, among other things, relieves the Company from its SREC II purchase obligations if its right to recover the associated costs and other amounts approved by the Board is modified or terminated in the future.

[6] May 23, 2012 Order at 8.

Solicitation and Approval Process

13. Petitioner will solicit proposals from solar project owners or developers on a semi-annual basis. Through an independent Solicitation Manager ("SM"), ACE will issue a request for proposals or comparable solicitation (collectively, an "RFP") in response to which a solar project owner and/or developer will be required to present its proposal, including its OCE-approved SREC II application and describing the proposed project in appropriate detail (*e.g.*, project ownership, size, location, relevant technical specifications, anticipated number of SRECs to be produced over each year of the proposed term of the SREC II-PSA, etc.), and setting forth the price at which it proposes to have the Company purchase the project's SRECs.

14. ACE, through the independent SM, will select the projects with which to enter into SREC II-PSAs based on the lowest NPV cost of the agreement up to the MW solicited. The NPV evaluation will take into account such factors as the project size (in kilowatts ["kW"]), the anticipated number of SRECs to be produced, and the SREC purchase price proposed in the project's response to the RFP. In determining the NPV of ACE's obligations under the proposed agreement, the Company will use a discount rate equal to its weighted average after-tax cost of capital as determined in its last base rate case.

15. The Company, in conjunction with the SM, will report to the Board regarding the results of each solicitation and its assessment of the proposals that should be selected based on the NPV analysis discussed above. The report will include an assessment of the competitiveness of the process from the SM, considering such factors as the number of bidders, MW bid and range of pricing. ACE will seek prompt Board approval of the selected proposals or other direction from the Board, following which ACE will enter into SREC II-PSAs with the project owners or developers consistent with such Board approval and/or direction. Projects that are not

selected will be notified and will have the opportunity to re-price their proposals in subsequent solicitations.

Project Eligibility Criteria

16. For Segments 1 and 2, only solar projects for net-metered ACE customers that have been approved by OCE as being qualified to receive credit for SREC II generation shall be eligible to participate in the Company's solicitations and to enter into SREC II-PSAs with ACE. For Segment 3, only grid-connected solar projects located on closed landfills or brownfields within ACE's service territory that have been approved by OCE as being qualified to receive credit for SREC II generation shall be eligible to participate in the solicitations. Consistent with ACE's proposed form of SREC II-PSA, following execution of the SREC II-PSA, ACE shall request -- and the developer shall provide -- all necessary information and relevant documentation for ACE to 1) register the project with the PJM Environmental Information Service – Generator Attribute Tracking System ("GATS") or any successor entity or organization performing such function, and 2) to perform the monthly meter reading entry or generation uploads required to generate SRECs from the project.

Meter Issues

17. An ACE-owned meter will record the electrical output of the solar project. SREC II Program participants will be required to install the appropriate metering that meets the BPU's and PJM's accuracy standards to record the solar generation of their project. Participants will also be required to execute and submit to ACE a PJM GATS "Schedule A" which will transfer the generation asset to the ACE GATS account so that ACE can enter generation values. ACE will transfer the recorded kWh generation amounts in the PJM GATS system for each project that will create the SRECs at the end of each monthly period. Meter readings will be performed

by the Company during the normal meter reading process. The PJM GATS system has an algorithm in place to ensure that the recorded generation aligns with the monthly estimated projection for the indicated size solar installation. SRECs will be tracked using the PJM GATS platform. Company Witness White discusses the metering and generation recording requirements in greater detail in his direct testimony, attached as **Exhibit A**.

<u>Administrative Matters</u>

18. ACE proposes to use existing administrative systems, either through OCE or joint EDC systems, to the extent it is cost effective to do so. In addition, the Company will work with the other New Jersey EDCs – JCP&L, Public Service Electric and Gas Company and Rockland Electric Company – with the goal of having the EDCs' extended SREC-based financing programs complement and be consistent, to the extent feasible. In particular, the Petitioner intends to continue to work with JCP&L, as it has done for the SREC I Program, to coordinate their respective efforts under the two programs to the extent practicable, including in connection with the project solicitation process. ACE will also use existing OCE program policies and procedures to the extent practicable.

<u>Sale of SRECs by ACE</u>

19. ACE proposes to sell all of the SRECs that it purchases under the SREC II Financing Program through the same auction process that the Board approved for the SREC I Program and the other EDCs' SREC programs. In accordance with the Board's May 23, 2012 Order, ACE will not begin SREC sales from the SREC II Program until EY 2016.

<u>Cost Recovery and Accounting</u>

20. The Petitioner proposes to recover its administrative costs for the SREC II Program through a fee assessed on all solar developers. ACE proposes to continue to receive an

SREC Transaction Fee of $22.59 for each SREC it purchases under the SREC II Program. This is the same SREC Transaction Fee that the Board approved for the SREC I Program in the September 16, 2009 Order. ACE will account for the SREC Transaction Fee in the same manner as it has in connection with the SREC I Program.

21. In accordance with the Board's May 23, 2012 Order and as described in Paragraph 10 above, ACE also proposes to recover a portion of the administrative costs of the SREC II Program from program participants. This will be accomplished through two mechanisms. First, ACE will charge a non-refundable Administrative Fee of $150 for each application to participate in an SREC II solicitation.

22. The second new mechanism is a proposed "Solar Developer Fee" which will be charged to each successful applicant that is selected in a solicitation and executes an SREC-PSA with ACE. The Solar Developer Fee will be initially be set at $17.07 per SREC purchased by ACE from the developer. The fee will be adjusted on an annual basis. The fee will be applied to each SREC purchase transaction between the Company and the SREC II Financing Program participant. ACE will credit the revenues it receives from the Administrative Fee to the development of the Solar Developer Fee, as part of the annual process to update that fee to the Board

23. In accordance with the Board's May 23, 2012 Order, ACE will accrue interest on SRECs held in inventory under the SREC II Financing Program. Interest on the SRECs in inventory is necessary because of the requirement that the Company not begin selling SRECs from the SREC II Program until EY 2016.[7] ACE will accrue interest on the SRECs held in inventory at ACE's overall pre-tax cost of capital as determined in its last rate case, compounded

[7] May 23, 2012 Order, p. 27.

monthly. Net revenues (*i.e.*, revenues net of auction costs) received from the auction of the SRECs that the Company purchases as part of the SREC II Program will be applied to reduce the costs to be recovered through the existing RGGI Rider RGGI.

24. Further details concerning cost recovery, accounting and tariff issues are set forth in the direct testimony of Company Witness Janocha (**Exhibit B**) and the exhibits to this Verified Petition.

Pre-Filed Testimony and Attachments

Attached hereto and made a part of this Verified Petition are the following pre-filed testimony and attachments:

Exhibit A	-	Direct Testimony of Timothy J. White concerning the SREC II Program
Exhibit B	-	Direct Testimony of Joseph F. Janocha describing the Company's proposed mechanism to recover the costs associated with the EDC SREC Program
Exhibit C	-	Minimum Filing Requirements
Exhibit D	-	PSA
Exhibit E		Current Capital Structure

Public Notice and Service

25. Inasmuch as the Company is not seeking any rate increase at this time in connection with its proposed SREC II Financing Program, ACE does not believe that any Public Notices need be published or served pursuant to N.J.A.C. 14:1-5.12(b)1 and 3, (c) and (d), nor is there any requirement for public hearings in the Company's service area.

26. Communications and correspondence regarding this matter should be sent to Petitioner's counsel at the following address:

Philip J. Passanante, Esquire
Associate General Counsel
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500 N. Wakefield Drive
P.O. Box 6066
Newark, DE 19714-6066
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with copies to the following representatives of the Company:

Timothy J. White
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roger.pedersen@pepcoholdings.com

WHEREFORE, the Petitioner, **ATLANTIC CITY ELECTRIC COMPANY**, respectfully requests that the Board of Public Utilities issue an Order as follows:

A. **Approving** the implementation of Petitioner's proposed extended and enhanced SREC Financing Program as filed pursuant to N.J.S.A. 48:3-98.1, and further

approving the recovery of associated program costs through the Rider RGGI, as outlined in the Petition and related pre-filed direct testimony, with adjustments on June 1 (to correspond with the PJM Planning Year) of each year through an annual reconciliation/cost recovery filing; and

B. **Authorizing** such other or further relief as may be necessary to implement the purposes stated herein.

Respectfully submitted,
ATLANTIC CITY ELECTRIC COMPANY

Dated: September 5, 2012

/jpr

PHILIP J. PASSANANTE
An Attorney at Law of the
State of New Jersey

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IN THE MATTER OF THE PETITION OF ATLANTIC CITY ELECTRIC COMPANY CONCERNING A PROPOSAL FOR AN EXTENDED SOLAR RENEWABLE ENERGY CERTIFICATE (SREC)-BASED FINANCING PROGRAM PURSUANT TO N.J.S.A. 48:3-98.1	STATE OF NEW JERSEY BOARD OF PUBLIC UTILITIES

AFFIDAVIT OF VERIFICATION

J. MACK WATHEN, of full age, being duly sworn according to law, on his oath deposes and says:

1. I am the Vice President, Assistant Secretary & Assistant Treasurer of Atlantic City Electric Company ("ACE"), the Petitioner named in the foregoing Verified Petition. I am duly authorized to make this Affidavit of Verification on ACE's behalf.

2. I have read the contents of the foregoing Verified Petition. I verify that the statements of fact and other information contained therein are true and correct to the best of my knowledge, information and belief.

J. Mack Wathen

J. MACK WATHEN

SWORN TO AND SUBSCRIBED before me this 4th day of September, 2012.

Julia P. Reilly

Julia P. Reilly
Notary Public
My Commission Expires: April 30, 2013

Exhibit A

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF ATLANTIC CITY ELECTRIC COMPANY CONCERNING A PROPOSAL FOR AN EXTENDED SOLAR RENEWABLE ENERGY CERTIFICATE (SREC)-BASED FINANCING PROGRAM PURSUANT TO N.J.S.A. 48:3-98.1

September 4, 2012

Direct Testimony

of

Timothy J. White

ON BEHALF OF
ATLANTIC CITY ELECTRIC COMPANY

Q. Please state your name, position and address.

A. My name is Timothy J. White. I am Manager of Policy Coordination in the Regulatory Affairs Department of Pepco Holdings, Inc. (PHI). I am testifying on behalf of Atlantic City Electric Company (referred to herein as ACE or the Company).

Q. What are your educational background and professional qualifications?

A. I graduated from Rutgers University – Camden in 1979 with a Bachelor of Arts degree in accounting. I have served as a consultant and worked in accounting and finance since 1979 in the areas of financial analysis, forecasting, financial modeling, budgets, rate case preparation, lead/lag studies, and private and public accounting. My positions prior to joining PHI were Vice President AUS Consultants – Utility Services Group in Mt. Laurel, N.J. and Director of Finance of Shorelands Water Company in Hazlet, N.J. I joined the Company in 1998 and assumed my current position in November 2004.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to describe the Company's proposed extension of the Solar Financing Program (referred to herein as the Extended SREC Financing Program or SREC II) filed in response to the New Jersey Board of Public Utilities' (the BPU or Board) May 23, 2012 Order in BPU Docket No. EO11050311V. I will outline the components of this program and the compliance of this filing with the amended minimum filing requirements under N.J.S.A. 48:3-98.1 (b).

Q. What does the Board's May 23, 2012 Order require that the Company provide?

A. The Board has determined that extension of a Solar Renewable Energy Certificate (SREC) programs will deliver significant benefits to the State of New Jersey, while fairly balancing the desire to maintain a healthy solar industry in the State with the desire to minimize costs to ratepayers. It is also consistent with the recommendations included in the Energy Master Plan (EMP) and the requirements of Electric Discount and Energy Competition Act (EDECA) and the Solar Energy Advancement and Fair Competition Act (SEAFCA). ACE is supportive of the need for market-based mechanisms that support solar project development at a pace capable of meeting the solar requirements set forth in New Jersey's renewable portfolio standards ("RPS"), N.J.A.C. 14:8-2.1 et seq. ACE is responding to the Board's Order asking the electric distribution companies (EDCs) to voluntarily present proposals for an extension of SREC financing programs.

The Board's May 23, 2012 Order included the following language (at page 28, paragraph 8):

> …[T]he Board **HEREBY ADOPTS** Staff's recommendations set out herein and **HEREBY APPROVES** an extension of the EDC SREC Financing Programs for a capacity of 180 MWs over three years subject to the development of programs that appropriately implement the goals stated in this Order, and subject to subsequent Board review and approval. The Board **DIRECTS** the Staff to coordinate with Rate Counsel, the EDCs and other interested stakeholders to develop the Extended SREV Programs, and to resolve as many issues as possible prior to submitting the proposed programs to the Board for consideration. The Board **HEREBY DIRECTS** ACE, JCP&L, PSE&G and RECO to file within, 5 business days of service of this Order, a notice of their intention to

> participate or not to participate in the Extended EDC SREC Programs consistent with Staff's recommendations adopted by the Board herein.

On June 1, 2012, ACE provided a Notice of Intent to participate in the Extended EDC SREC Program. ACE stated its "willingness to make this voluntary filing premised on the Board's approval of a program – including a cost recovery and incentive mechanism – that is similar in all material respects to the SREC Financing Program that ACE has participated in with Jersey Central Power and Light Company [JCP&L] and Rockland Electric Company [RECO] since 2008."

Q: Please describe the fundamental element of the SREC-based financing proposal.

A. ACE, in coordination with JCP&L and any other EDCs that may adopt this process, will solicit MW blocks of eligible projects with which the relevant EDC would enter into long-term agreements for the purchase and sale of SRECs generated by those projects.

Q: Will ACE limit the amount of SRECs purchased from valid projects?

A. Yes. Similar to the initial SREC program ("SREC I"), the Company will limit the amount of SRECs purchased based upon the size of the awarded project. Over each annual period, the Company will purchase at the contract price all SRECs produced that are within this limit, which will be calculated by multiplying the DC kW rating of the project by 1300 kilowatt-hours. ACE may, at its sole discretion, purchase any SRECs created by generation in excess of this limiting factor at 50% of the contract price.

Q: When will ACE begin selling the SRECs it purchases through the SREC II Program?

A. In accordance with the Board's May 23, 2012 Order, ACE will not begin selling SRECs from SREC II until energy year 2016 or until certain conditions are met. *See* May 23, 2012 Order. As a result of this requirement to hold these SRECs, the Company will accrue interest on the purchase value of the SRECs held in inventory under the SREC II Program at ACE's overall pre-tax cost of capital as determined in its last rate case, compounded monthly.

Q: What will ACE do with the revenues it receives from the sale of SRECs?

A. As noted above, ACE will pass all such net revenues along to all customers, by offsetting program costs being collected through Rider RGGI.

Q: Is ACE providing proposed changes to the Rider RGGI?

A. Yes. As described in the direct testimony of Joseph F. Janocha, the Rider RGGI cost recovery mechanism will be modified to include the difference between the costs of SREC's purchased as part of the extended SREC Program and the corresponding SREC auction revenues.

Q: Does this filing comply with the Board's May 12, 2008 Order issued pursuant to N.J.S.A. 48:3-98.1(c) in Docket No. EO08030164 (the "RGGI Order")?

A. Yes. See Exhibit C to the petition for a summary of the filing requirements set forth in the RGGI Order, including a reference to where in its filing ACE complies with each of those requirements.

Q: In developing this filing, did the Company work with other EDCs?

A. Yes. ACE and JCP&L have worked together to coordinate a similar response to the Board's May 23, 2012 Order. To the extent possible, both companies have attempted to develop similar positions on the terms of the Extended SREC financing program to make the process as transparent to the Extended SREC Financing Program participants as possible.

Q: To what extent has ACE participated in discussions with the Board Staff and representatives from the Division of Rate Counsel (Rate Counsel) in the development of the Extended SREC Financing Program proposal?

A. ACE met with Board Staff, Rate Counsel, and others, on July 13, 2012 as part of the 30 day pre-filing meeting mandated under the May 23, 2012 Board Order. Participants in this meeting were provided with the key provisions of the Extended SREC Financing Program proposal and the opportunity to discuss the Company's proposal.

Q: Did the Company base this proposal on its existing SREC-based financing program?

A. Yes. The proposal is substantially similar to the SREC I program currently administered by ACE, JCP&L and RECO. In addition to the changes required by the Board's May 23, 2012 Order, based upon experience with SREC I, minor modifications will be part of the proposed SREC II to improve efficiency and reduce program costs.

DESCRIPTION OF THE SREC PROJECT SOLICITATION

Q: Who will the Company contract with?

A. ACE will enter into SREC purchase and sale agreements ("SREC PSAs" or "PSAs") with customers who own an eligible solar project or with contractor/developers (collectively, "project developers"), who own such a project located on a customer's premises. Project developers must have appropriate agreements with the customer on whose premises the system is located, addressing such issues as the project developer's right to locate the project on the premises, the right to the output of the project, including the SRECs, and absolving ACE from any responsibility for the relationship between the project developer and the customer. The various documents and agreements currently in use for SREC I will be updated for use in the SREC II program.

Q: How will ACE determine how many MW to solicit?

A. On page 28 of its May 23, 2012 Order, the Board accepted Staff's recommendations in the revised straw proposal, which would allocate 180 MW of capacity statewide under the Extended EDC SREC Programs over three years, divided up among the EDCs based on retail sales. ACE estimated its portion of retail sales at approximately 12.8%, which results in the 23 MW offered capacity. The Company intends to offer this capacity split evenly over the three years.

Q: How are ACE's commitments to purchase SRECs created under the proposal?

A. ACE will follow the same process used in SREC I. The solicitation process for creating commitments to purchase SRECs from approved projects will involve close coordination with processes administered by the Board's Office of Clean Energy (OCE) related to SREC project review and approval. Any project ACE can consider for an SREC PSA must be certified by the OCE as eligible to generate SRECs.

To manage its project solicitations, ACE will contract with a project solicitation manager (SM), who will solicit project proposals and rank eligible projects according to the net present value (NPV) of the proposed pricing to fill the MW block solicited. ACE and JCP&L plan to contract jointly with the solicitation manager to maximize consistency of processes in their respective territories for the benefit of the solar development industry and to reduce administrative costs. A list of the documentation required for the solicitation of proposals will be the same as used for SREC I and can be found at www.njedcsolar.com.

ACE, in conjunction with the SM, will then forward recommended awards to the Board and, following timely regulatory approval, award SREC PSAs to selected projects. Projects that are not accepted will be rejected, providing project sponsors the opportunity to revise their proposal and resubmit it for the next solicitation round.

Q: How frequently does ACE anticipate soliciting proposals?

A. ACE anticipates conducting solicitations semi-annually to allow time for: (1) communication of each solicitation to customers and the solar development industry; (2) proposal development; (3) review of proposals and development of recommended awards; (4) regulatory approval of PSAs pursuant to each solicitation to become non-appealable; and (5) notice to projects that are not accepted. ACE plans to coordinate solicitations with JCP&L.

Q: Will project pricing proposals be confidential?

A. Proposals will be kept confidential whether rejected or awarded. The SREC I program allowed for the publishing of the lowest accepted bid price and the average bid price for each round. The Company believes that this information should be kept confidential in order to preserve the competitiveness of the solicitation process.

Q: Will project pricing be based on the proposed price, or priced at an auction clearing price of some sort?

A. Given the limited scope and scale of these solicitations, the limited number of solicitations and project-specific financing requirements, this process does not lend itself to an auction process or the concept of a clearing price. Instead, SREC PSAs will be priced as proposed by the customer or project developer in response to the Company's solicitation. Based upon the competiveness of each solicitation, appropriate projects will be selected for award. If any solicitation round is undersubscribed, there will be an established price limit above which bids will not be awarded.

Q: What will be solicited in the solicitation process?

A. The Company will solicit MW blocks of pricing proposals for SREC-generating projects that have been qualified on a prospective basis by OCE, and that are not ineligible for long-term commitments pursuant to the May 23, 2012 Order. Project proposals will include a fixed price for the term of the SREC purchase agreement. Proposals in the first year of the solicitation will be for 10-year contract terms; proposals in the second year will be for nine year terms; and proposals in the third year will be for eight year terms in order for the entire program to be 10 years duration.

Q: In the solicitation, what documentation will be required?

A. Specific documentation requirements will be the same as those currently used for the SREC I program.

Other required documentation or information related to the proposal includes:

a) the "segment" identification as described in the Petition: Segment I: net metered up to 50kW; or Segment II: net metered greater than 50 kW; or Segment III: grid-connected located on closed landfills or brownfields; and

b) class of service (e.g. residential, non-residential secondary, non-residential primary, non-residential transmission).

Q: What projects will be ineligible for SREC PSAs?

A. The Company will not consider projects that are under construction prior to acceptance as an awarded project. Any aggregated net metered projects also will be ineligible to participate.

The Company notes that, as a point of clarification, it will exclude consideration of projects with any existing photovoltaic ("PV") capacity at the site, and preclude or limit any future construction or expansion of PV capacity at sites receiving payments under these SREC PSAs. This is a simplifying administrative requirement designed to avoid confusion and potential disputes related to multiple sources of SRECs associated with a given customer account.

Q: How will projects be ranked and awarded?

A. After reviewing proposals for meeting basic eligibility requirements, the Company (through its SM) will rank projects according to the lowest proposed pricing over the proposed term of the agreement. Pricing for all projects will be ranked from low to high according to the NPV per MWh of each proposal using a pre-announced utility discount rate, specifically ACE's overall weighted cost of capital - net of tax as approved in the Company's most recent base rate case. ACE will include the approved discount rate, with each solicitation to maximize the transparency of the process. The last accepted proposal in the solicited block may not yield an aggregate MW of project agreements that exceeds the size of the block by more than 75% of the last accepted proposal or 250 kW, whichever is less. All other proposals will be rejected as previously described.

ACE (through its SM) would then forward recommended awards to the Board and, following regulatory approval, award SREC PSAs to the selected and Board-approved projects.

Q: The Board Order indicates there should be a set aside for residential and small business market segments for eligibility under the program. How will project segments be used?

A. ACE is proposing three program segments: Segment 1: net-metered residential and small commercial solar photovoltaic projects less than or equal to 50 kW; Segment 2: net-metered solar photovoltaic projects greater than 50 kW; and

Segment 3: grid-connected solar photovoltaic projects on closed landfills and brownfields. ACE is proposing the following estimated breakdown of capacity to be solicited for the segments: Segment 1 projects will have a 25% "aspirational set aside and Segment 3 projects will be limited or "capped" at 30% of the total contract capacity. For Segment 1 (residential and small commercial), ACE is proposing an aspirational set aside, rather than a firm allocation that will only be followed if the bid prices of these projects are not cost prohibitive. That design supports the goal of achieving RPS requirements through proposals that reflect the least cost to ratepayers. The 25% aspirational set aside for Segment 1 means that if this Segment is undersubscribed or prohibitively expensive in any particular solicitation but Segment 2 is oversubscribed with qualifying projects, the excess capacity from Segment 1 would be reallocated to Segment 2. Participation levels in the different Segments, therefore, would depend on project pricing, which will depend, in part, on availability of rebates and the federal Investment Tax Credit (ITC). Participation by Segment 3 projects will be capped at 30% of the total capacity for the solicitation. However, Segment 3 projects will need to be of lower cost than other projects to be selected.

Q: Will the Board ultimately determine whether pricing is competitive and prudent?

A. Yes. The determination as to the prudence of pricing for rounds of solicitations will ultimately rest with the Board, as ACE will submit agreements for the Board's review and approval, including a finding that ACE entering into the recommended agreements is prudent. The Board will rely, in part, on the transparency of the anticipated solicitation process. As noted above, the documentation required for the solicitation of proposals will be the same as used for the SREC I Program, and can be found at www.njedcsolar.com.

Following the procedures for SREC I, after each solicitation the SM and ACE will confer with Board Staff and Rate Counsel regarding the projects proposed for selection. Thereafter, the SM will transmit its recommendations to the Board, setting forth the recommended proposals for award, with supporting documentation. The documentation will include: (1) a report from the SM including solicitation documents, a description of the process, and a summary of the recommended awards; (2) a ranked summary listing of key parameters (*e.g.*, proposal identification, segment, kW, price, term, NPV, customer name, developer name/affinity), in-service date, for all proposals recommended for award, including identification of the customer and project developer (if any); (3) a ranked summary listing of key parameters associated with projects *not* recommended for award based on price (e.g. proposal identification, segment, kW, price, term, NPV); (4) a summary listing of key parameters associated with projects disqualified for various reasons (*e.g.*, ineligible siting, legacy system, deficient proposal, etc.); and (5) a summary of the other relevant parameters associated with the recommended SREC PSAs for the round of solicitation in question, and cumulative totals for the program.

Q: When does ACE plan to offer the program to customers?

A. ACE will introduce the program as soon as practicable following Board approval, and as authorized by necessary Board Orders.

Q: How will the SREC-based solicitation process be communicated to the market?

A. ACE will work closely with the OCE and JCP&L to coordinate communications to the solar industry, through meetings and other industry venues. Information about the solicitations will be distributed electronically and posted to the www.NJCLEANENERGY.com website and a site for the ACE solicitations. A frequently asked questions (FAQ) document will be developed for solar contractors and/or project developers to use in communicating this new option to customers and/or financing organizations. The Company will continue to communicate directly with industry professionals to encourage their participation in the program. Bill inserts will also be employed to drive customer awareness and direct them to the website for additional information.

THE SREC PURCHASE AND SALE AGREEMENT

Q: What is the form of SREC PSA that customers or project developers will enter into with ACE?

A. The proposed form of Solar Renewable Energy Certificate Purchase and Sale Agreement, which sets forth the rights and obligations of the parties (*i.e.* the customer project developer on the one hand, and ACE, on the other hand) is attached to this testimony as Exhibit D. As part of the approval process for this filing, ACE will request that the Board approve the form of the agreement, after which it will be a non-negotiable agreement, in a process similar to that employed in connection with the Supplier Master Agreements in the Basic Generation Service proceeding. As a result, customers and project developers must submit with their applications a commitment to execute the approved PSA, with appropriate names, contract term and SREC purchase price completed, within 10 business days of award.

Q: Can projects receiving long-term SREC PSAs expand capacity?

A. No. SREC PSAs will include a limit on the number of SRECs to be purchased under the agreement based on the SREC generating capacity of the proposed project.

Q: What happens to projects after the PSA term expires?

A. Once the term of the contract has expired, customers or project developers would be free to sell SRECs into the open SREC market after expiration of the term of the SREC PSA, subject to the limitation of the SREC qualification life.

Q: What provisions in the PSA ensure that the projects receiving SREC purchase commitments under the program will be built?

A. The Company cannot assure projects receiving commitments will be built. However, to maximize the likelihood of construction, after contract award, ACE proposes to require, in addition to execution of the SREC PSA, that "winning" project developers pay a non-refundable application fee of $150 for each project as a means to ensure project viability and ultimate completion.

The PSA also includes a provision relieving the Company of its purchase obligation in the event projects

1. have not completed an interconnection request within 90 days on being notified of their award, or

2. have not received approval to operate with 12 months of being notified of their award.

The capacity of terminated agreements would be included in future solicitations to reflect the SREC generation shortfall associated with projects that developers fail to complete. In addition, projects that do not execute the PSA within 10 business days following notification from the Company of the expiration of the appeal period of the Board Order approving the awards will also be rejected and the contract null and void.

Q: Under what other circumstances can a validly-executed PSA terminate?

A. If recovery of some or all of the costs associated with the program is disallowed, the PSA includes provisions for renegotiation of the PSA to reflect the allowed cost recovery. If cost recovery is terminated in full, or if other amounts previously approved for recovery by ACE are disallowed, or if the project's SRECs no longer qualify for meeting RPS requirements, then the PSA would terminate in its entirety.

DESCRIPTION OF PSA ADMINISTRATION PROCESSES

Q: Please describe how the executed SREC PSAs will be administered.

A. ACE's administrative tasks will include collecting from participating customers the metered gross output of projects through the monthly meter reading process. An ACE-owned meter will record the electrical output of the solar project. Customers will be required to install the appropriate meter enclosure adjacent to the existing ACE meter. The Company will, at the customer's or project developer's cost, provide and install the meter to record the SREC generation of the solar project. The Company will transfer the recorded kWh generation amounts in the PJM Generator Attribute Tracking System (GATS) system for each project that will create the SRECs at the end of each monthly period. The PJM GATS system has an algorithm in place to ensure that the recorded generation aligns with the monthly estimated projection for the indicated size solar installation. SRECs will be tracked using the PJM GATS platform. The Company will pay customers or project developers for the SRECs their projects deliver over the term of the SREC PSA, or until the project otherwise ceases to operate.

ACE will be the party responsible for recording, registering, and compensating the solar entity for recorded SREC generation. For this reason, ACE does not support the use of metering devices that are owned and maintained by others and that are outside the direct control of the Company.

Q: Will any of the work associated with the program be outsourced?

A. ACE plans to outsource solicitation services under the program, which it hopes to do on a coordinated basis with JCP&L. In addition, the Company intends to investigate the use of an independent third party to conduct all administrative activities, including contract preparation, developer support, solar metering, GATS entry and customer payments. If this approach is selected, it will be coordinated with JCP&L. Otherwise, all work other than the solicitation process will be conducted internally.

Q: What work, that will not be outsourced, will be required to support the approved SREC PSAs?

A. The Company has already developed most of the processes that will be required to (1) establish accounts with PJM GATS (including processes for reporting, transfer of title and settlements); (2) establish processes for tracking the gross kWh output of contracted solar systems; (3) register meter readings and SRECs with PJM GATS; and (4) administer project agreements.

Q: Will ACE need to add staff to support the work associated with these projects?

A. ACE has been handling the increased administrative tasks with existing personnel. However, it remains to be seen whether sufficient efficiencies can be instituted with the extension program to avoid adding staff for administration of the above processes. Specific staffing numbers and organizational responsibilities are still under development.

Q: Can ACE estimate costs for the program, or what the impact on rates will be for this initiative?

A. No. The net costs to customers associated with these agreements will be driven primarily by proposed pricing for SREC purchases and the auction price for SREC sales. Internal and contracted costs will be based on the number of participants and transaction requirements associated with the agreements, which at this time remain unclear.

ACE will track and report internal and outsourced administrative, marketing/sales, training, rebates/incentives (*i.e.* payments to customers or project contractor/developers, as well as net auction revenues) including inspections and quality control, program implementation and evaluation costs.

Q: How will SRECs be sold?

A. ACE will sell the SRECs it purchases through the statewide auction process developed in connection with PSE&G's solar loan program in BPU Docket No. EO07040278. This is the same auction process that ACE currently uses for SREC I.

Q: How will revenues from the sale of SRECs compare to the costs for purchase of SRECs under the agreements?

A. Any ACE estimates of pricing for SREC purchases or sales would be purely speculative. Pricing for sale of SRECs in the near term will be influenced primarily by the oversupply of SRECs in the market as well as recently-passed legislation (S1925). The Company has experienced purchase prices in excess of auction pricing in recent sale auctions. However, that is largely reflective of the fact that SREC prices were extremely high during solicitation of projects when the SREC market was undersupplied. Projecting the long-term difference between purchase and auction sales prices is purely speculative, although it should be expected that in later years purchase prices are increasingly likely to exceed auction sales prices. In any event, it seems clear that lower purchase prices reduce risk to ratepayers.

Q: What is the process for resolving any customer complaints concerning the program?

A. ACE has not experienced an appreciable number of complaints in the SREC I Program. Any minor issues have been resolved informally. ACE will continue to resolve disputes with participating customers and/or project developers informally in the first instance. Disputes that involve the administration of agreements under the extension of the program that cannot be resolved informally will be resolved through the Board's existing process for customer complaints. Ultimately, absent resolution through these channels, the PSA provides for binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

Q: What is the exit plan when the solicitation program expires? What is the exit plan when SREC PSAs expire?

A. ACE will continue to administer the SREC PSAs over their lives, but will simply cease soliciting proposals for new agreements. Because the Company will have the participating projects be responsible for their own production metering, the Company anticipates no issues with transition of the projects back to the project owners to continue accruing SRECs subject to the appropriate qualification life.

BENEFITS AND INCENTIVES

Q: Please describe the benefits of the proposed SREC Extended Financing Program, including a description of the barriers these commitments will address to support development of solar generating projects.

A. The Board has supported the transition from a rebate-dependent program to a market-based approach of delivering incentives for solar electric generation. One of the identified barriers, as argued by the solar industry, is the lack of long-term SREC contracts that will allow project developers to obtain project financing. The Extended SREC Financing Program will continue to support that availability of contracts that provide collateral for financing. More recently, the oversupply of SRECs that has been brought on by project completions well beyond that anticipated, leading to the decrease in the price of SRECs typically used to finance projects, has led to the State's desire to prevent a possible collapse of the solar industry in New Jersey. SREC II will provide some stability to that market.

The proposed design for EDC contracting will, among other things, demonstrate potential processes, pricing and benefits that could be available to potential counter-parties other than the EDCs (*e.g.* energy suppliers) related to financing for project development.

The solicitations are designed to enable project financing that is independent of the EDCs, thus maximizing the interim nature and "portability" of experiences from the proposed programs. As a result, the proposed solicitation(s) address the long-term financing barrier and (to the extent practicable) avoid raising new barriers.

Other benefits related to barriers include:

- customers will benefit from additional solar capacity that supports lower electric supplier pricing.
- lower purchase prices under EDC SREC PSAs will demonstrate the benefits of long-term contracting to suppliers, and reduce costs; and
- the proposed solicitations are temporary and limited in scope and scale, to support evolution of other market-based independent initiatives. The proposed long-term SREC-based financing solicitations represent an interim step in that development process, designed to help transition the State's solar industry to market-based processes, as well as sustain solar industry jobs in New Jersey.

Q: What impact will the proposed program have on the competitive market for solar project development and financing services?

A. It is expected that the competitive market for solar project development and financing will continue to develop in response to these solicitations, by enabling solar project financing through purchased power agreements and other financing arrangements. Contractors and project developers developing small or larger scale customer projects will be able to add SREC-based financing as a component of their offering to customers.

ACE would expect a range of sources of financing, including private investors, banks or other financial institutions to explore participation in these projects, further supporting development of longer-term market-based solutions.

The Company expects that the solicitations will increase customer and project developer confidence, experience and participation in SREC-based financing.

Q: Are there any environmental benefits associated with the Extended SREC Financing Program?

A. Yes. The Board's premise for directing EDC intervention in this manner to create SREC PSAs is that the renewable energy (and SRECs) associated with the contracted projects are otherwise unlikely to be generated in a timely manner. As market-based processes for quantifying the value of environmental benefits are still being developed, ACE has not placed a value on the range of potential impacts.

Q: How does the program compare with OCE Clean Energy programs?

A. Clean Energy programs provide various types of support, including rebates for smaller systems and certification of SREC-generating projects, but they do not involve SREC-based purchase commitments. In that sense, SREC II is complimentary, but distinct from other existing Clean Energy programs.

Q: Will this program be coordinated with OCE programs?

A. Yes. During the implementation of SREC I, ACE coordinated many of the processes and communication with the OCE and the Clean Energy Program Renewable Program Manager. That process will continue in SREC II.

Q: How does the program support the current New Jersey EMP?

A. The EMP has aggressive goals for increased reliance on solar power as an energy source. The overall RPS goal of 22.5% by 2021 must, according to the EMP, "balance among laudable resource planning objectives, *i.e.,* environmental, economic, and reliability benefits."[1] Further, the "annually increasing solar RPS carve-out, the reduction in solar installation costs, the expectation of continued technology progress, and positive reports from solar participants portend continued solar penetration rates in New Jersey."[2] The EMP has defined goals for increased reliance on solar power as an energy source, as well as some limitations designed to reduce the impact of solar siting on pristine farmland. The Extended SREC Financing Program will only allow grid-connected projects to be sited on closed landfills or brownfields which have electric infrastructure capable of handling the solar generation. In addition, the EMP recognizes that additional utility solar programs may be necessary during the transition of the solar industry to a fully-competitive model.

As discussed in the Board's May 23,2012 Order, "the structure of new EDC SREC financing programs will deliver significant benefits to the State, fairly balance the desire to maintain a healthy solar industry in the State with the desire to minimize costs to ratepayers are consistent with the recommendations included in the EMP…" Therefore, based on the discussion in the Board's May 23, 2012 Order, SREC II is supportive of the goals in the EMP.

Q: Is the Company requesting any specific incentive associated with SREC II?

A. Based upon the Board's approval of the Company's Petition in this matter as filed, including the SREC II PSA as proposed and attached hereto, the assurance of recovery of the costs of the long-term SREC contracts as contained in the

[1] 2012 EMP. page 82.
[2] 2012 EMP. page 83.

SREC II PSA along with the recovery of any deferred balances at the Company after-tax cost of capital from the Company's most recent base rate case, are sufficient to protect and fairly compensate shareholders. ACE is proposing to receive the same SREC Transaction Fee of $22.59 per sold SREC as approved in the SREC I Program.

Q: Why is the after-tax cost of capital from the Company's most recent base rate case the appropriate rate to apply against the deferred balance?

A. The Company's shareholders are entitled to a return on the funds they are providing to support this Board-approved program. Any funds used to support the Extended SREC Financing Program could have been used for alternative activities and investments that would have provided a return to shareholders.

Q: Has ACE estimated the costs of SREC II and its impact on the Company's retail rates?

A. No. The costs of the Extended SREC Financing Program will be used primarily on the pricing for the SREC II purchases and the auction price for SREC II sales. The Company has no reasonable method of estimating future SREC auction prices.

Q: What is ACE requesting of the Board regarding its proposed Extended SREC Financing Program?

A. ACE is requesting that the Board approve SREC II as proposed and described in this filing. In addition, the Company is requesting that the Board approve the Rider RGGI cost recovery mechanism as proposed by the Company and further supported in and by Company Witness Janocha's testimony.

Q: Does this conclude your testimony?

A. Yes, it does.

Exhibit B

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF ATLANTIC CITY ELECTRIC COMPANY CONCERNING A PROPOSAL FOR AN EXTENDED SOLAR RENEWABLE ENERGY CERTIFICATE (SREC)-BASED FINANCING PROGRAM PURSUANT TO N.J.S.A. 48:3-98.1

September 4, 2012

Direct Testimony

of

Joseph F. Janocha

ON BEHALF OF
ATLANTIC CITY ELECTRIC COMPANY

Q. Please state your name, position and address.

A. My name is Joseph F. Janocha. I am the Manager of Rate Economics for Pepco Holdings Inc. (PHI). I am testifying on behalf of Atlantic City Electric Company (ACE or the Company).

Q. What is your educational and professional background?

A. I have a Bachelor of Engineering degree with a concentration in Mechanical Engineering from Stevens Institute of Technology (Hoboken, New Jersey). I am a Registered Professional Engineer in the State of New Jersey and the Commonwealth of Pennsylvania.

Q. Please describe and summarize your employment experience in the utility industry.

A. I began my career with Philadelphia Electric Company (PECO) in 1982 as an engineer in the Mechanical Engineering Division. From 1982 through 1992, I held various positions in PECO's Mechanical Engineering, Nuclear Quality Assurance, and Nuclear Engineering Divisions. I joined ACE in 1992 as a Senior Engineer in the Joint Generation Department. In 1998, I joined the Regulatory Affairs group as a Coordinator, responsible for the design and administration of electric rates for the ACE subsidiary. In March 2005, I was promoted to Regulatory Affairs Manager, responsible for rate design and administration for PHI's Delmarva Power & Light Company (DPL) and ACE subsidiaries. I assumed my current position in January 2011 with responsibility for the design and administration of rates for ACE, DPL and Potomac Electric Power Company. In this capacity, I am responsible for the development and administration of electric and gas delivery rates, as well as tariff surcharges, for all of PHI's utility subsidiaries.

Q. Have you filed testimony in any other proceedings?

A. Yes. I have previously presented and/or filed testimony as a witness before the New Jersey Board of Public Utilities (the Board or BPU), the Delaware Public Service Commission, the Maryland Public Service Commission, the District of Columbia Public Service Commission and the State Corporation Commission of Virginia.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to describe the Company's proposed mechanism to recover the costs associated with the Extended Electric Delivery Company (EDC) Solar Renewable Energy Certificate (SREC) Program (or SREC II Program), as directed in the Board's Order dated May 23, 2012 in Docket No. EO11050311V. In addition, I am proposing corresponding adjustments to the mechanism currently in place for recovery of net costs for projects associated with the Company's existing SREC Financing Program (referred to in this testimony as SREC I).

Q. Please describe the cost recovery mechanism in place for the Company's existing SREC I Financing Program.

A. The Company's existing SREC I was approved pursuant to the Board's Orders dated March 29, 2009 and September 16, 2009 in BPU Docket No. EO08100875. The program includes a cost recovery mechanism that is included in the Regional Greenhouse Gas Initiative (RGGI) Recovery Charge (Rider

RGGI). The mechanism is designed to recover the following items:

- the difference between the SREC purchase costs and the proceeds from the SREC auction;
- administrative costs, including those associated with the management of the SREC auction; and
- a Transaction Fee which is equal to $22.89 times the number of SRECs bought and sold during an annual period.

This cost recovery mechanism will continue to be used to recover costs associated with projects entered into under the existing SREC Program.

Q. Please describe the cost recovery mechanism proposed for the Company's SREC II Program.

A. For the SREC II Program, a different cost recovery mechanism is proposed. In its Order dated May 23, 2012 in BPU Docket No. EO11050311V, the Board accepted BPU Staff's recommendation that the costs for developing, implementing and managing the SREC II Program be recovered from solar developers or generation customers. Pursuant to the directives of the Board Order, the Company proposes to establish a Solar Developer Fee.

The Company will establish a separate internal work order to track administrative costs associated with the SREC II Program. This includes internal Company resources for contract administration and costs associated with the services of the SREC Auction Manager. In addition, transaction fees, which are based on SRECs purchased and sold during a given period, will also need to be tracked separately for the SRECs related to the extended program.

On an annual basis, the Company will develop the Solar Developer Fee to be assessed on all solar developers in the SREC II Program to recover administrative costs associated with that program. The fee will be based on the total of the forecasted administrative costs in an annual period and will be assessed on a per SREC basis. The fee will be trued up on an annual basis to reflect actual costs incurred. Any over or under recovered balances will be subject to interest at a rate based on the two year constant maturity Treasuries as published in the Federal Reserve Statistical Release on the first day of each month (or closest day thereafter on which rates are published) plus sixty basis points, but not exceeding the overall rate of return authorized by the Board for the Company.

Updates to the Solar Developer Fee would be effective on January 1 of each year. Developers in the SREC II Program would be notified of the new fees by the preceding December 1. The true up of the fee would be based on actual costs for the 12 month period ending October.

Q. Have you developed an initial Solar Developer Fee?

A. Yes, An initial Solar Developer Fee is provided in Schedule JFJ-1. For the development of the initial Solar Developer Fee, the forecasted costs are based on cost levels from the existing SREC I Program. Subsequent updates to the fee will be based on actual experience from the SREC II Program. Additionally, the fee will be subject to true up based on actual costs in the initial year, which would compensate developers directly for any over or under estimation of the initial fee.

Q. Please describe the proposed changes to the cost recovery mechanism included in Rider RGGI.

A. The Rider RGGI cost recovery mechanism will be modified to include the difference between the costs of SRECs purchased as part of the SREC II Program and the corresponding SREC auction revenues. The SREC cost used for this calculation will be the direct cost resulting from the SREC solicitation process, unadjusted for the proposed Solar Developer Fees.

Q. Does this conclude your testimony?

A. Yes.

Exhibit B

Attachment

JFJ-1

Atlantic City Electric Company
Initial Solar Developer Fee
Based on Annual Estimated SREC Program Costs

1	Total Annual Estimated Program Costs	$ 510,535	
2	Less Non-Refundable Fee Revenue	$ -	
3	True Up of Prior Period Developer Fee	$ -	
4	Net Annual Estimated Costs	$ 510,535	= (1) - (2) + (3)
5	Estimated SRECs Purchased Fully Subscribed (23 MW X 1,300 hours)	29,900	
6	Initial Admin Related Fee ($ per SREC)	$ 17.07	=(5) / (4)

Exhibit C

I. General Filing Requirements	**Filing Reference**
a. The utility shall provide with all filings, information and data pertaining to the specific program proposed, as set forth in applicable sections of N.J.A.C. 14:1-5.11 and N.J.A.C. 14:1-5.12.	Exhibit C -Attachment 1 – Comparative Balance Sheet for 3 years – 2009, 2010, 2011 from FERC FORM 1 Report Exhibit C - Attachment 2 – Comparative Income Statement for 3 years – 2009, 2010 and 2011 from FERC FORM 1 Report Exhibit C -Attachment 3 – Most recent Balance Sheet June 2012 from FERC FORM 1 Report Petition - Certification
b. All filings shall contain information and financial statements for the proposed program in accordance with the applicable Uniform System of Accounts that is set forth in N.J.A.C. 14:1-5.12. The utility shall provide the Accounts and Account numbers that will be utilized in booking the revenues, costs, expenses and assets pertaining to each proposed program so that they can be properly separated and allocated from other regulated and/or other programs.	To be provided
c. The utility shall provide supporting explanations, assumptions, calculations, and work papers for each proposed program and cost recovery mechanism petition filed under N.J.S.A. 48:3-98.1 and for all qualitative and quantitative analyses therein. The utility shall provide electronic copies of all materials and supporting schedules, with all inputs and formulae intact.	Joseph F. Janocha Testimony – Exhibit B
d. The utility shall file testimony supporting its petition.	Timothy J. White Testimony Exhibit A Joseph F. Janocha Testimony Exhibit B
e. For any small scale or pilot program, the utility shall only be subject to the requirements in this Section and Sections II, III, and IV. The utility shall, however, provide its estimate of costs and a list of data it intends to collect in a subsequent review of the benefits of the program. Information in Section V may be required for pilot and small programs if such programs are particularly large or complex. A "small scale" project is defined as one that would result in either a rate increase of less than a half of one percent of the average residential customer's bill or an additional annual total revenue requirement of less than $5 million. A pilot program shall be no longer than three years, but can be extended under appropriate circumstances.	The proposal represents a small scale program. Timothy J. White Testimony Exhibit A Joseph F. Janocha Testimony Exhibit B
f. If the utility is filing for an increase in rates, charges etc., or for approval of a program which may increase rates/charges to ratepayers in the future, the utility shall include a draft public notice with the petition and proposed publication dates.	Not Applicable

II. Program Description	**Filing Reference**
a. The utility shall provide a detailed description of each proposed program for which the utility seeks approval.	Timothy J. White Testimony Exhibit A
b. The utility shall provide a detailed explanation of the differences and similarities between each proposed program and existing and/or prior programs offered by the New Jersey Clean Energy Program, or the utility.	Timothy J. White Testimony Exhibit A
c. The utility shall provide a description of how the proposed program will complement, and impact existing programs being offered by the utility and the New Jersey Clean Energy Program with all supporting documentation.	Timothy J. White Testimony Exhibit A
d. The utility shall provide a detailed description of how the proposed program is consistent with and/or different from other utility programs or pilots in place or proposed with all supporting documentation.	Timothy J. White Testimony Exhibit A
e. The utility shall provide a detailed description of how the proposed program comports with New Jersey State policy as reflected in reports, including the New Jersey Energy Master Plan, or, pending issuance of the final Energy Master Plan, the draft Energy Master Plan, and the greenhouse gas emissions reports to be issued by the New Jersey Department of Environmental Protection pursuant to N.J.S.A. 26:2C-42(b) and (c) and N.J.S.A. 26:2C-43 of the Global Warming Response Act, N.J.S.A. 26:2C-37 et seq.	Timothy J. White Testimony Exhibit A
f. The utility shall provide the features and benefits for each proposed program including the following: i. the target market and customer eligibility if incentives are to be offered; ii. the program offering and customer incentives; iii. the quality control method including inspection; iv. program administration; and v. program delivery mechanisms.	Timothy J. White Testimony Exhibit A
g. The utility shall provide the criteria upon which it chose the program.	Timothy J. White Testimony Exhibit A
h. The utility shall provide the estimated program costs by the following categories: administrative (all utility costs), marketing/sales, training, rebates/incentives including inspections and quality control, program implementation (all contract costs) and evaluation and other.	To be provided
i. The utility shall provide the extent to which the utility intends to utilize employees, contractors or both to deliver the program and, to the extent applicable, the criteria the utility will use for contractor selection.	Timothy J. White Testimony Exhibit A

j. In the event the program contemplates an agreement between the utility and its contractors and/or the utility and its ratepayers, copies of the proposed standard contract or agreement between the ratepayer and the utility, the contractor and the utility, and/or the contractor and the ratepayer shall be provided.	Exhibit D
k. The utility shall provide a detailed description of the process for resolving any customer complaints related to these programs.	Timothy J. White Testimony Exhibit A
l. The utility shall describe the program goals including number of participants on an annual basis and the energy savings, renewable energy generation and resource savings, both projected annually and over the life of the measures.	Timothy J. White Testimony Exhibit A
m. Marketing – The utility shall provide the following: a description of where and how the proposed program/project will be marketed or promoted throughout the demographic segments of the utility's customer base including an explanation of how prices and the service for each proposed program/project will be conveyed to customers.	Timothy J. White Testimony Exhibit A
III. Additional Required Information	**Filing Reference**
a. The utility shall describe whether the proposed programs will generate incremental activity in the energy efficiency/conservation/renewable energy marketplace and what, if any, impact on competition may be created, including any impact on employment, economic development and the development of new business with all supporting documentation. This shall include a breakdown of the impact on the employment within this marketplace as follows: marketing/sales, training, program implementation, installation, equipment, manufacturing and evaluation and other applicable markets. With respect to the impact on competition the analysis should include the competition between utilities and other entities already currently delivering the service in the market or new markets that may be created.	NOT APPLICABLE
b. The utility shall provide a description of any known market barriers that may impact the program and address the potential impact on such known market barriers for each proposed program with all supporting documentation. This analysis shall include barriers across the various markets including residential (both single and multi-family), commercial and industrial (both privately owned and leased buildings), as well as between small, medium and large commercial and industrial markets. This should include both new development and retrofit or replacement upgrades across the market sectors.	NOT APPLICABLE

c. The utility shall provide a qualitative/quantitative description of any anticipated environmental benefits associated with the proposed program and a quantitative estimate of such benefits for the program overall and for each participant in the program with all supporting documentation. This shall include an estimate of the energy saved in kWh and/or therms and the avoided air emissions, wastewater discharges, waste generation and water use or other saved or avoided resources.	NOT APPLICABLE
d. To the extent known, the utility shall identify whether there are similar programs available in the existing marketplace and provide supporting documentation if applicable. This shall include those programs that provide other societal benefits to other under-served markets. This should include an analysis of the services already provided in the market place, and the level of competition.	NOT APPLICABLE
e. The utility shall provide an analysis of the benefits or impacts in regard to Smart Growth.	NOT APPLICABLE
f. The utility shall propose the method for treatment of Renewable Energy Certificates ("REC") including solar RECs or any other certificate developed by the Board of Public Utilities, including Greenhouse Gas Emissions Portfolio and Energy Efficiency Portfolio Standards including ownership, and use of the certificate revenue stream(s).	Timothy J. White Testimony Exhibit A
g. The utility shall propose the method for treatment of any air emission credits and offsets, including Regional Greenhouse Gas Initiative carbon dioxide allowances and offsets including ownership, and use of the certificate revenue stream(s).	NOT APPLICABLE
h. The utility shall analyze the proposed quantity and expected prices for any REC, solar REC, air emission credits, offsets or allowances or other certificates to the extent possible.	Timothy J. White Testimony Exhibit A
IV. Cost Recovery Mechanism	**Filing Reference**
a. The utility shall provide appropriate financial data for the proposed program, including estimated revenues, expenses and capitalized investments, for each of the first three years of operations and at the beginning and end of each year of said three-year period. The utility shall include pro forma income statements for the proposed program, for each of the first three years of operations and actual or estimated balance sheets as at the beginning and end of each years of said three year period.	To Be Provided

b. shall provide detailed spreadsheets of the accounting treatment of the cost recovery including describing how costs will be amortized, which accounts will be debited or credited each month, and how the costs will flow through the proposed method of recovery of program costs.	Joseph F. Janocha Testimony Exhibit B
c. The utility shall provide a detailed explanation, with all supporting documentation, of the recovery mechanism it proposes to utilize for cost recovery of the proposed program, including proposed recovery through the Societal Benefits Charge, a separate clause established for these programs, base rate revenue requirements, government funding reimbursement, retail margin, and/or other.	Joseph F. Janocha Testimony Exhibit B
d. The utility's petition for approval, including proposed tariff sheets and other required information, shall be verified as to its accuracy and shall be accompanied by a certification of service demonstrating that the petition was served on the Department of the Public Advocate, Division of Rate Counsel simultaneous to its submission to the Board.	Joseph F. Janocha Testimony Exhibit B
e. The utility shall provide an annual rate impact summary by year for the proposed program, and an annual cumulative rate impact summary for all approved and proposed programs showing the impact of individual programs as well as the cumulative impact of all programs upon each customer class of implementing each program and all approved and proposed programs based upon a revenue requirement analysis that identifies all estimated program costs and revenues for each proposed program on an annual basis. The utility shall also provide an annual bill impact summary by year for each program, and an annual cumulative bill impact summary by year for all approved and proposed programs showing bill impacts on a typical customer for each class.	Timothy J. White Testimony Exhibit A Joseph F. Janocha Testimony Exhibit B
f. The utility shall provide, with supporting documentation, a detailed breakdown of the total costs for the proposed program, identified by cost segment (capitalized costs, operating expense, administrative expense, etc.). This shall also include a detailed analysis and breakdown and separation of the embedded and incremental costs that will be incurred to provide the services under the proposed program with all supporting documentation.	NOT APPLICABLE

g. The utility shall provide a detailed revenue requirement analysis that clearly identifies all estimated program costs and revenues for the proposed program on an annual basis, including effects upon rate base and pro forma income calculations.	Joseph F. Janocha Testimony Exhibit B
h. The utility shall provide, with supporting documentation: (i) a calculation of its current capital structure as well as its calculation of the capital structure approved by the Board in its most recent electric and/or gas base rate cases, and (ii) a statement as to its allowed overall rate of return approved by the Board in its most recent electric and/or gas base rate cases.	Exhibit E
i. If the utility is seeking carrying costs for a proposed program, the filing shall include a description of the methodology, capital structure, and capital cost rates used by the utility.	NOT APPLICABLE
j. A utility seeking incentives or rate mechanism that decouples utility revenues from sales, shall provide all supporting justification, and rationale for incentives, along with supporting documentation, assumptions and calculations.	NOT APPLICABLE
V. Cost/Benefit Analysis	**Filing Reference**
a. The utility shall provide a detailed analysis with supporting documentation of the net benefits associated with the proposed program, including, if appropriate, a comprehensive and detailed avoided cost savings study with supporting documentation. The value of the avoided environmental impacts and the environmental benefits and the value of any avoided or deferred energy infrastructure should be stated separately.	NOT APPLICABLE
b. The utility shall calculate a cost/benefit analysis utilizing the Total Resource Cost ("TRC") test that assesses all program costs and benefits from a societal perspective. The utility may also provide any cost benefit analysis that it believes appropriate with supporting rationales and documentation.	NOT APPLICABLE
c. The utility shall quantify all direct and indirect benefits as well as provide projected costs resulting from a proposed program that is subject to a cost/benefit test.	NOT APPLICABLE
d. Renewable energy programs shall not be subject to a cost/benefit test but the utility must quantify all direct and indirect benefits resulting from such a proposed program as well as provide the projected costs. The utility must also demonstrate how such a proposed program will support energy and environmental statewide planning objectives, such as attainment of the Renewable Portfolio Standard and any emission requirements.	NOT APPLICABLE

e. The utility must demonstrate for the proposed program that it results in a positive benefit/cost ratio, or, if the utility cannot make such a demonstration, it must provide the rationale for why the proposed program should be approved.	NOT APPLICABLE Small Renewable Energy program – Not required.
f. The level of energy and capacity savings utilized in these calculations shall be based upon the most recent protocols approved by the Board of Public Utilities to measure energy savings for the New Jersey Clean Energy Program. In the event no such protocols exist, or to the extent that a protocol does not exist for a filed program, the utility must submit a measurement protocol for the program or contemplated measure for approval by the Board.	NOT APPLICABLE Small Renewable Energy program – Not required.
g. The utility shall also quantify and deduct from the energy and capacity savings any free rider effects and the business as usual benefits from homeowners and businesses installing Energy Efficiency or Renewable Energy without the N.J.S.A. 48:3-98.1 benefits or incentives.	NOT APPLICABLE

Exhibit C

Attachment 1

	ACCOUNTS	FERC FORM NO. 1 2009	2010	2011
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	$2,218,492,471.32	$2,355,605,090.54	$2,445,310,239.60
3	Construction Work in Progress (107)	$93,982,259.01	$72,372,063.22	$88,207,204.00
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)	$2,312,474,730.33	$2,427,977,153.76	$2,533,517,443.60
5	(Less) Accum. Prov. For Deprec, Amort, Depl.(108, 110, 111, 115)	$694,461,239.58	$725,061,441.54	$762,380,560.69
6	Net Utility Plant (Enter Total of l ine 4 less 5)	$1,618,013,490.75	$1,702,915,712.22	$1,771,136,882.91
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	$0.00	$0.00	$0.00
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)	$0.00	$0.00	$0.00
9	Nuclear Fuel Assemblies in Reactor (120.3)	$0.00	$0.00	$0.00
10	Spent Nuclear Fuel (120.4)	$0.00	$0.00	$0.00
11	Nuclear Fuel Under Capital Leases (120.6)	$0.00	$0.00	$0.00
12	(Less) Accum. Prov. For Amort. Of Nucl. Fuel Assemblies (120.5)	$0.00	$0.00	$0.00
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)	$0.00	$0.00	$0.00
14	Total Net Utility Plant (Enter Total of lines 6 and 13)	$1,618,013,490.75	$1,702,915,712.22	$1,771,136,882.91
15	Utility Plant Adustments (116)	$0.00	$0.00	$0.00
16	Gas Stored Underground - Noncurrent (117)	$0.00	$0.00	$0.00
17	OTHER PROPERTY & INVESTMENTS	$0.00	$0.00	$0.00
18	Nonutility Property (121)	$15,895,550.51	$15,575,712.22	$15,575,712.22
19	(Less) Accum. Prov. For Depr. And Amort. (122)	$4,807,290.00	$4,233,036.39	$4,233,036.39
20	Investments in Associated Companies (123)	$0.00	$0.00	$0.00
21	Investments in Subsidiary Companies (123.1)	$2,960,001.34	$2,960,001.34	$2,960,001.34
22	(For Cost of Account 123.1, See Footnote Page 224, line 42))	$0.00	$0.00	$0.00
23	Noncurrent Portion of Allowances	$0.00	$0.00	$0.00
24	Other Investments (124)	$0.00	$0.00	$0.00
25	Sinking Funds (125)	$0.00	$0.00	$0.00
26	Depreciation Funds (126)	$0.00	$0.00	$0.00
27	Amortization Funds (127)	$0.00	$0.00	$0.00
28	Other Special Funds (128)	$476,018.00	$3,376,689.97	$3,352,971.21
29	Special Funds (Non Major Only) (129)	$0.00	$0.00	$0.00
30	Long-Term Portion of Derivative Assets (175)	$0.00	$0.00	$0.00
31	Long-Term Portion of Derivative Assets - Hedges (176)	$0.00	$0.00	$0.00
32	Total Other Property and Investments (lines 18-21 and 23-31)	$14,524,279.85	$17,679,367.14	$17,655,648.38
33	CURRENT AND ACCRUED ASSETS	$0.00	$0.00	$0.00
34	Cash and Working Funds (Non-major only) (130)	$0.00	$0.00	$0.00
35	Cash (131)	$4,002,999.45	$3,695,696.28	$3,360,224.69
36	Special Deposits (132 -134)	$0.00	$0.00	$0.00
37	Working Funds (135)	$130,502.52	$130,485.70	$108,134.67
38	Temporary Cash Investment (136)	$2,800,000.00	$0.00	$87,643,085.67
39	Notes Receivable (141)	$0.00	$0.00	$0.00
40	Customer Accounts Receivable (142)	$121,896,506.96	$147,084,476.24	$136,502,132.09
41	Other Accounts Receivable (143)	$15,958,523.96	$22,059,628.73	$16,739,096.59
42	(Less) Accum. Prov. for Uncollectible Acct.-Credits (144)	$6,604,787.34	$11,192,409.37	$12,324,720.76
43	Notes Receivable from Associated Companies (145)	$0.00	$0.00	$0.00
44	Accounts Receivable - Assoc. Companies (146)	$0.00	$0.00	$0.00
45	Fuel Stock (151)	$0.00	$0.00	$0.00
46	Fuel Stock Expenses Undistributed (152)	$0.00	$0.00	$0.00
47	Residuals (Elec) and Extracted Products (153)	$0.00	$0.00	$0.00
48	Plant Materials and Operating Supplies (154)	$14,042,137.34	$15,402,218.65	$22,017,448.05
49	Merchandise (155)	$0.00	$0.00	$0.00
50	Other Materials and Supplies (156)	$0.00	$0.00	$0.00
51	Nuclear Materials Held for Sale (157)	$0.00	$0.00	$0.00
52	Allowances (158.1 and 158.2)	$3,400.30	$3,400.30	$567,181.78
53	(Less) Noncurrent Portion of Allowances	$0.00	$0.00	$0.00
54	Stores Expense Undistributed (163)	$1,040,282.87	$1,233,717.71	$1,961,754.62
55	Gas Stored Underground - Current (164.1)	$0.00	$0.00	$0.00
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	$0.00	$0.00	$0.00
57	Prepayments (165)	$117,512,788.00	$112,254,473.90	$103,225,733.48
58	Advances for Gas (166-167)	$0.00	$0.00	$0.00
59	Interest and Dividends Receivable (171)	$213.95	$0.00	$3,349.27
60	Rents Receivable (172)	$3,179,796.12	$3,198,791.62	$3,202,451.70
61	Accrued Utility Revenue (173)	$41,822,096.53	$50,776,027.03	$41,083,864.17
62	Miscellaneous Current and Accrued Assets (174)	$0.00	$0.00	$0.00
63	Derivative Instrument Assets (175)	$0.00	$0.00	$0.00
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)	$0.00	$0.00	$0.00
65	Derivative Instrument Assets (176)	$0.00	$0.00	$0.00
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)	$0.00	$0.00	$0.00
67	Total Current and Accrued Assets (Lines 34 through 66)	$315,784,460.66	$344,646,506.79	$404,089,736.02
68	DEFERRED DEBITS	$0.00	$0.00	$0.00
69	Unamortized Debt Expense (181)	$5,587,992.05	$5,299,133.52	$7,328,639.17
70	Extraordinary Property Losses (182.1)	$0.00	$0.00	$0.00
71	Unrecovered Plant and Regulatory Study Costs (182.2)	$0.00	$0.00	$0.00
72	Other Regulatory Assets (182.3)	$699,003,336.92	$654,342,366.65	$651,646,240.84
73	Prelim. Survey and Investigation Charges (Electric) (183)	$0.00	$0.00	$0.00
74	Preliminary Natural Gas Survey and Investigation Charges (183.1)	$0.00	$0.00	$0.00
75	Other Preliminary Survey and Investigation Charges (183.2)	$0.00	$0.00	$0.00
76	Clearing Accounts (184)	($864,631.61)	$305.40	$360.93
77	Temporary Facilities (185)	$0.00	$0.00	$0.00
78	Miscellaneous Deferred Debits	$569,154.00	$532,978.19	$435,381.56
79	Def. Losses from Disposition of Utility Plt. (187)	$0.00	$0.00	$0.00
80	Research, Devel, and Demonstration Expend (188)	$0.00	$0.00	$0.00
81	Unamortized Loss on Reacquired Debt (189)	$12,788,654.15	$12,111,733.68	$10,608,644.52
82	Accumulated Deferred Income Taxes (190)	$54,390,201.00	$103,429,499.11	$45,547,598.34
83	Unrecovered Purchased Gas Cost (191)	$0.00	$0.00	$0.00
84	Total Deferred Debits (Lines 69 through 83)	$771,474,706.51	$775,716,016.55	$715,566,865.36
85	Total Assets (Lines 14-16, 32, 67, and 84)	$2,719,796,937.77	$2,840,957,602.70	$2,908,449,132.67

	ACCOUNTS	FERC FORM NO. 1 2009	2010	2011
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	$25,638,051.00	$25,638,051.00	$25,638,051.00
3	Preferred Stock Issued (204)	$6,214,500.00	$6,214,500.00	$0.00
4	Capital Stock Subscribed (202, 205)	$0.00	$0.00	$0.00
5	Stock Liability for Conversion (203, 206)	$0.00	$0.00	$0.00
6	Premium on Capital Stock (207)	$107,755,438.73	$107,755,438.73	$107,755,438.73
7	Other Paid-in Capital (208-211)	$366,755,706.55	$409,755,706.55	$469,755,706.55
8	Installments Received on Capital Stock (212)	$0.00	$0.00	$0.00
9	(Less) Discount on Capital Stock (213)	$0.00	$0.00	$0.00
10	(Less) Capital Stock Expense (214)	$574,285.01	$574,285.01	$532,682.46
11	Retained Earnings (215, 215.1, 216)	$143,591,327.41	$162,151,657.74	$201,115,278.65
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	$0.00	$0.00	$0.00
13	(Less) Reaquired Capital Stock (217)	$0.00	$0.00	$0.00
14	Noncorporate Proprietorship (Non-major only) (218)	$0.00	$0.00	$0.00
15	Accumulated Other Comprehensive Income (219)	$0.00	$0.00	$0.00
16	Total Proprietary Capital (Lines 2 through 15)	$649,380,738.68	$710,941,069.01	$803,731,792.47
17	LONG-TERM DEBT	$0.00	$0.00	$0.00
18	Bonds (221)	$634,065,000.00	$656,215,000.00	$856,215,000.00
19	(Less) Reaquired Bonds (222)	$0.00	$0.00	$0.00
20	Advances from Associated Companies (223)	$391,423,411.00	$326,862,119.00	$267,893,467.94
21	Other Long-Term Debt (224)	$0.00	$443,055.54	$259,722.19
22	Unamoritized Premium on Long-Term Debt (225)	$0.00	$0.00	$0.00
23	(less) Unamortized Discount on Long-Term-Debt-Debit (226)	$1,399,948.87	$1,287,821.23	$1,454,221.90
24	Total Long-Term Debt (Line 18 through 23)	$1,024,088,462.13	$982,232,353.31	$1,122,913,968.23
25	OTHER NONCURRENT LIABILITIES	$0.00	$0.00	$0.00
26	Obligations under Capital Lease - Noncurrent (227)	$0.00	$55,494.77	$18,207.06
27	Accumulated Provision for Property Insurance (228.1)	$0.00	$0.00	$0.00
28	Accumulated Provision for Injuries and Damages (228.2)	$0.00	$0.00	$0.00
29	Accumulated Provision for Pensions and Benefits (228.3)	$0.00	$0.00	$0.00
30	Accumulated Miscellaneous Operating Provisions (228.4)	$0.00	$0.00	$0.00
31	Accumulated Provision for Rate Refunds (229)	$0.00	$0.00	$0.00
32	Long-Term Portion of Derivative Instrument Liabilities	$0.00	$0.00	$0.00
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges	$0.00	$0.00	$0.00
34	Asset Retirement Obligations (230)	$142,795.08	$154,418.60	$166,988.26
35	Total Other Noncurrent Liabilities (lines 26 through 34)	$142,795.08	$209,913.37	$185,195.32
36	CURRENT AND ACCRUED LIABILITIES	$0.00	$0.00	$0.00
37	Notes Payable (231)	$59,997,450.00	$158,192,609.21	$0.00
38	Accounts Payable (232)	$94,220,642.25	$90,389,258.73	$100,488,568.56
39	Notes Payable to Associated Companies (233)	$20,618,343.04	$28,564,292.00	$43,057,105.63
40	Accounts Payable to Associated Companies (234)	$36,106,492.34	$28,175,161.00	$13,618,010.55
41	Customer Deposits (235)	$20,569,102.79	$22,811,167.53	$25,927,840.09
42	Taxes Accrued (236)	$0.00	$0.00	$6,425,106.00
43	Interest Accrued (237)	$9,351,394.70	$9,494,073.94	$11,579,090.41
44	Dividends Declared (238)	$43,806.88	$43,806.90	$0.00
45	Matured Long-Term Debt (239)	$0.00	$0.00	$0.00
46	Matured Interest (240)	$0.00	$0.00	$0.00
47	Tax Collections Payable (241)	$0.00	$0.00	$0.00
48	Miscellaneous Current and Accrued Liabilities (242)	$69,730,996.00	$78,884,931.30	$70,836,087.12
49	Obligations under Capital Lease-current (243)	$0.00	$37,072.06	$38,285.37
50	Derivative Instrument Liabilities (244)	$0.00	$0.00	$0.00
51	(Less) Long-Term Portion of Derivative Instrument Liabilities	$0.00	$0.00	$0.00
52	Derivative Instrument Liabilities-Hedges (245)	$0.00	$0.00	$0.00
53	(Less) Long-Term Portion of Derivative Instrument Liabilities - Hedges	$0.00	$0.00	$0.00
54	Total Current and Accrued Liabilities (lines 37 through 53)	$310,638,228.00	$416,592,372.67	$271,970,093.73
55	DEFERRED CREDITS	$0.00	$0.00	$0.00
56	Customer Advances for Construction (252)	$395,965.27	$360,307.46	$427,330.36
57	Accumulated Deferred Investment Tax Credits (255)	$9,018,051.57	$8,028,464.57	$7,081,525.57
58	Deferred Gains from Disposition of Utility (256)	$0.00	$0.00	$0.00
59	Other Deferred Credits (253)	$5,989,202.00	$6,720,155.49	$11,689,646.34
60	Other Regulatory Liabilities (254)	$177,427,467.00	$71,157,650.84	$60,201,156.86
61	Unamoritized Gain on Reacquired Debt (257)	$0.00	$0.00	$0.00
62	Accum. Deferred Income Taxes-Accel. Amort. (281)	$0.00	$0.00	$0.00
63	Accum. Deferred Income Taxes -Other Property (282)	$545,558,538.58	$617,198,204.81	$412,524,538.19
64	Accum. Deferred Income Taxes - Other (283)	($2,842,510.54)	$27,517,111.17	$217,723,885.60
65	Total Deferred Credits (Lines 56 through 64)	$735,546,713.88	$730,981,894.34	$709,648,082.92
66	TOTAL LIABILITIES AND STOCKHOLDERS EQUITY (lines 16, 24, 35, 54, 65)	$2,719,796,937.77	$2,840,957,602.70	$2,908,449,132.67

Exhibit C

Attachment 2

Atlantic City Electric Company
Comparative Balance Sheet

	ACCOUNTS	FERC FORM NO. 1 2009	2010	2011
1	UTILITY OPERATIONG INCOME			
2	Other Operating Revenues	$1,358,782,545.05	$1,441,365,494.34	$1,282,605,427.46
3	Operating Expenses	$0.00	$0.00	$0.00
4	Operation Expenses	$1,083,408,683.83	$1,103,278,825.38	$944,816,764.84
5	Maintenance Expenses	$26,331,920.93	$34,965,864.59	$43,856,656.27
6	Depreciation Expense	$58,383,788.83	$61,373,779.31	$68,118,205.58
7	Depreciation Expense for Asset Retirement Costs	$0.00	$0.00	$0.00
8	Amort. & Depl. Of Utility Plant	($12,891,410.97)	($12,888,028.15)	($15,791,096.55)
9	Amort. Of Utility Plant Acq. Adj.	$0.00	$0.00	$0.00
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs	$0.00	$0.00	$0.00
11	Amort. Of Conversion Expenses	$0.00	$0.00	$0.00
12	Regulatory Debits	$56,057,608.42	$64,271,678.58	$82,599,703.24
13	(Less) Regulatory Credits	$0.00	$534,649.65	$8,613,589.95
14	Taxes Other Than Income Taxes	$22,379,098.54	$25,491,535.54	$25,707,362.58
15	Income Taxes - Federal	($19,514,960.52)	($3,740,054.59)	($16,948,376.11)
16	Other	($444,722.35)	($3,943,268.55)	$4,400,122.26
17	Provision for Deferred Income Taxes	$135,354,814.13	$170,046,973.14	$195,249,892.83
18	(Less) Provision for Deferred Income Taxes-Cr	$88,968,048.58	$124,248,384.11	$153,068,446.67
19	Investment Tax Credit Adj. - Net	($1,019,535.00)	($989,587.00)	($946,939.00)
20	(Less) Gains from Disp. Of Utility Plant	$0.00	$0.00	$0.00
21	Losses from Disp. of Utility Plant	$0.00	$0.00	$0.00
22	(Less) Gains from Disposition of Allowances	$0.00	$0.00	$0.00
23	Losses from Disposition of Allowances	$0.00	$0.00	$0.00
24	Accretion Expenses	$0.00	$0.00	$0.00
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)	$1,259,077,237.26	$1,313,084,684.49	$1,169,380,259.32
26	Net Util Operating Income (Enter Tot line 2 less 25) Carry line 27	$99,705,307.79	$128,280,809.85	$113,225,168.14
27	Net Util Operating Income	$99,705,307.79	$128,280,809.85	$113,225,168.14
28	Other Income and Deductions	$0.00	$0.00	$0.00
29	Other Income	$0.00	$0.00	$0.00
30	Nonutility Operating Income	$0.00	$0.00	$0.00
31	Rev from Merchandising, Jobbing & Contr	$4,681,638.89	$5,461,435.38	$7,719,045.18
32	(Less) Cost and Exp from Merchandising, Job. & Contract Work	$6,261,597.22	$6,816,017.19	$8,921,757.53
33	Revenues from Nonutility Operations	$203,905.50	$63,107.31	$35,061.28
34	(Less) Expenses of Nonutility Operations	$699,581.72	$398,820.41	($1,321,052.89)
35	Nonutility Operating Rental Income	$0.00	$0.00	$0.00
36	Equity in Earnings of Subsidiary Companies	$0.00	$0.00	$0.00
37	Interest and Dividend Income	$268,203.16	$87,451.91	$185,473.60
38	Allowance for Other Funds Used During Construction	$729,622.72	$403,465.75	$252,571.83
39	Miscellaneous Nonoperating Income	$1,057,752.92	$404,486.88	$714,510.83
40	Gain-Property Disposition	$0.00	$37,017.44	$65,935.85
41	TOTAL Other Income (Enter total of lines 31 thru 40)	($20,055.75)	($757,872.93)	$1,371,893.93
42	Other Income Deductions	$0.00	$0.00	$0.00
43	Loss on Disposition of Property	$0.00	$0.00	$226,407.68
44	Miscellaneous Amortization	$0.00	$0.00	$0.00
45	Donations	$588,587.22	$605,614.56	$624,517.30
46	Life Insurance	($741,615.67)	($247,117.04)	($204,350.38)
47	Penalties	$26,463.23	$48,507.20	$160,388.40
48	Exp for certain civic, political & rela	$41,910.56	$668,267.97	$557,132.03
49	Other Deductions	$165,590.06	$2,072,311.98	($254,008.93)
50	TOTAL Other Income Deductions (Total lines 43 thru 49)	$80,935.40	$3,147,584.67	$1,110,086.10
51	Taxes Applic. To Other Income and Deductions	$0.00	$0.00	$0.00
52	Taxes other than inc taxes, nonops	$0.00	$0.00	$235,699.51
53	Income Taxes-Federal and Other	$725,886.00	($1,098,726.88)	$2,942.00
54	Income Taxes-Other	$205,117.00	($309,460.00)	$831.00
55	Provision for Deferred Inc. Taxes	$0.00	$0.00	$0.00
56	(Less) Provision for Deferred Income Taxes	$0.00	$0.00	$0.00
57	Investment Tax Credit Adj. - Net	$0.00	$0.00	$0.00
58	(Less) Investment Tax Credits	$0.00	$0.00	$0.00
59	Total Taxes on Other Income and Deduction (Total of lines 52-58)	$931,003.00	($1,408,186.88)	$239,472.51
60	Net Other Income and Deductions (Total of lines 41, 50, 59)	($1,031,994.15)	($2,497,270.72)	$22,335.32
61	Interest Charges	$0.00	$0.00	$0.00
62	Interest-Long Term Debt	$41,933,323.92	$42,701,380.33	$49,274,631.90
63	Amortization of Debt Discount and Expense	$614,823.61	$663,936.26	$814,790.01
64	Amortization of Loss on Reacquired Debt	$1,325,588.04	$1,429,317.38	$1,503,089.16
65	(Less) Amort. of Premium on Debt-Credit	$0.00	$0.00	$0.00
66	(Less) Amort. of Gain on Reacquired Debt-Credit	$0.00	$0.00	$0.00
67	Interest-Debt to Associated Companies	$21,950,672.85	$20,243,138.23	$18,879,536.10
68	Other Interest Expense	($6,174,925.45)	$8,595,633.16	$5,688,241.64
69	(Less) Allowance for Borrowed Funds Used During Construction	$2,380,068.98	$1,673,038.06	$2,007,732.24
70	Net Interest Charges	$57,269,413.99	$71,960,367.30	$74,152,556.57
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)	$41,403,899.65	$53,823,171.83	$39,094,946.89
72	Extraordinary Items	$0.00	$0.00	$0.00
73	Extraordinary Income	$0.00	$0.00	$0.00
74	(Less) Extraordinary Deductions	$0.00	$0.00	$0.00
75	Net Extraordinary Items	$0.00	$0.00	$0.00
76	Income Taxes-Federal and Other	$0.00	$0.00	$0.00
77	Extraordinary Items After Taxes	$0.00	$0.00	$0.00
78	Net Income (Total of line 71 and 77)	$41,403,899.65	$53,823,171.83	$39,094,946.89

Exhibit C

Attachment 3

	ACCOUNTS	FERC FORM NO. 1 2012
1	UTILITY PLANT	
2	Utility Plant (101-106, 114)	$2,537,252,810.55
3	Construction Work in Progress (107)	$85,569,186.60
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)	$2,622,821,997.15
5	(Less) Accum. Prov. For Deprec, Amort, Depl.(108, 110, 111, 115)	$772,460,347.10
6	Net Utility Plant (Enter Total of l ine 4 less 5)	$1,850,361,650.05
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	$0.00
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)	$0.00
9	Nuclear Fuel Assemblies in Reactor (120.3)	$0.00
10	Spent Nuclear Fuel (120.4)	$0.00
11	Nuclear Fuel Under Capital Leases (120.6)	$0.00
12	(Less) Accum. Prov. For Amort. Of Nucl. Fuel Assemblies (120.5)	$0.00
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)	$0.00
14	Total Net Utility Plant (Enter Total of lines 6 and 13)	$1,850,361,650.05
15	Utility Plant Adustments (116)	$0.00
16	Gas Stored Underground - Noncurrent (117)	$0.00
17	OTHER PROPERTY & INVESTMENTS	$0.00
18	Nonutility Property (121)	$15,575,712.22
19	(Less) Accum. Prov. For Depr. And Amort. (122)	$4,233,036.39
20	Investments in Associated Companies (123)	$0.00
21	Investments in Subsidiary Companies (123.1)	$2,960,001.34
22	(For Cost of Account 123.1, See Footnote Page 224, line 42))	$0.00
23	Noncurrent Portion of Allowances	$0.00
24	Other Investments (124)	$0.00
25	Sinking Funds (125)	$0.00
26	Depreciation Funds (126)	$0.00
27	Amortization Funds (127)	$0.00
28	Other Special Funds (128)	$3,427,547.69
29	Special Funds (Non Major Only) (129)	$0.00
30	Long-Term Portion of Derivative Assets (175)	$7,967,419.00
31	Long-Term Portion of Derivative Assets - Hedges (176)	$0.00
32	Total Other Property and Investments (lines 18-21 and 23-31)	$25,697,643.86
33	CURRENT AND ACCRUED ASSETS	$0.00
34	Cash and Working Funds (Non-major only) (130)	$0.00
35	Cash (131)	$3,287,530.00
36	Special Deposits (132 -134)	$0.00
37	Working Funds (135)	$108,134.63
38	Temporary Cash Investment (136)	$0.00
39	Notes Receivable (141)	$0.00
40	Customer Accounts Receivable (142)	$126,442,287.71
41	Other Accounts Receivable (143)	$19,346,396.18
42	(Less) Accum. Prov. for Uncollectible Acct.-Credits (144)	$9,693,394.93
43	Notes Receivable from Associated Companies (145)	$0.00
44	Accounts Receivable - Assoc. Companies (146)	$0.00
45	Fuel Stock (151)	$0.00
46	Fuel Stock Expenses Undistributed (152)	$0.00
47	Residuals (Elec) and Extracted Products (153)	$0.00
48	Plant Materials and Operating Supplies (154)	$25,608,297.28
49	Merchandise (155)	$0.00
50	Other Materials and Supplies (156)	$0.00
51	Nuclear Materials Held for Sale (157)	$0.00
52	Allowances (158.1 and 158.2)	$1,364,747.34
53	(Less) Noncurrent Portion of Allowances	$0.00
54	Stores Expense Undistributed (163)	$2,256,090.99
55	Gas Stored Underground - Current (164.1)	$0.00
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	$0.00
57	Prepayments (165)	$162,829,329.52
58	Advances for Gas (166-167)	$0.00
59	Interest and Dividends Receivable (171)	$0.00
60	Rents Receivable (172)	$2,655,757.81
61	Accrued Utility Revenue (173)	$48,857,239.31
62	Miscellaneous Current and Accrued Assets (174)	$0.00
63	Derivative Instrument Assets (175)	$0.00
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)	$0.00
65	Derivative Instrument Assets (176)	$0.00
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)	$0.00
67	Total Current and Accrued Assets (Lines 34 through 66)	$383,062,415.84
68	DEFERRED DEBITS	$0.00
69	Unamortized Debt Expense (181)	$6,931,360.17
70	Extraordinary Property Losses (182.1)	$0.00
71	Unrecovered Plant and Regulatory Study Costs (182.2)	$0.00
72	Other Regulatory Assets (182.3)	$674,678,024.70
73	Prelim. Survey and Investigation Charges (Electric) (183)	$0.00
74	Preliminary Natural Gas Survey and Investigation Charges (183.1)	$0.00
75	Other Preliminary Survey and Investigation Charges (183.2)	$0.00
76	Clearing Accounts (184)	$669.30
77	Temporary Facilities (185)	$0.00
78	Miscellaneous Deferred Debits	$480,941.57
79	Def. Losses from Disposition of Utility Plt. (187)	$0.00
80	Research, Devel, and Demonstration Expend (188)	$0.00
81	Unamortized Loss on Reacquired Debt (189)	$10,077,582.12
82	Accumulated Deferred Income Taxes (190)	$74,926,582.48
83	Unrecovered Purchased Gas Cost (191)	$0.00
84	Total Deferred Debits (Lines 69 through 83)	$767,095,160.34
85	Total Assets (Lines 14-16, 32, 67, and 84)	$3,026,216,870.09

	ACCOUNTS	FERC FORM NO. 1 2012
1	PROPRIETARY CAPITAL	
2	Common Stock Issued (201)	$25,638,051.00
3	Preferred Stock Issued (204)	$0.00
4	Capital Stock Subscribed (202, 205)	$0.00
5	Stock Liability for Conversion (203, 206)	$0.00
6	Premium on Capital Stock (207)	$107,755,438.73
7	Other Paid-in Capital (208-211)	$469,755,706.55
8	Installments Received on Capital Stock (212)	$0.00
9	(Less) Discount on Capital Stock (213)	$0.00
10	(Less) Capital Stock Expense (214)	$532,682.46
11	Retained Earnings (215, 215.1, 216)	$202,449,250.36
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	$0.00
13	(Less) Reaquired Capital Stock (217)	$0.00
14	Noncorporate Proprietorship (Non-major only) (218)	$0.00
15	Accumulated Other Comprehensive Income (219)	$0.00
16	Total Proprietary Capital (Lines 2 through 15)	$805,065,764.18
17	LONG-TERM DEBT	$0.00
18	Bonds (221)	$856,215,000.00
19	(Less) Reaquired Bonds (222)	$0.00
20	Advances from Associated Companies (223)	$250,214,530.25
21	Other Long-Term Debt (224)	$168,055.52
22	Unamoritized Premium on Long-Term Debt (225)	$0.00
23	(less) Unamortized Discount on Long-Term-Debt-Debit (226)	$1,379,286.54
24	Total Long-Term Debt (Line 18 through 23)	$1,105,218,299.23
25	OTHER NONCURRENT LIABILITIES	$0.00
26	Obligations under Capital Lease - Noncurrent (227)	$0.00
27	Accumulated Provision for Property Insurance (228.1)	$0.00
28	Accumulated Provision for Injuries and Damages (228.2)	$0.00
29	Accumulated Provision for Pensions and Benefits (228.3)	$0.00
30	Accumulated Miscellaneous Operating Provisions (228.4)	$0.00
31	Accumulated Provision for Rate Refunds (229)	$0.00
32	Long-Term Portion of Derivative Instrument Liabilities	$8,904,407.00
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges	$0.00
34	Asset Retirement Obligations (230)	$173,651.73
35	Total Other Noncurrent Liabilities (lines 26 through 34)	$9,078,058.73
36	CURRENT AND ACCRUED LIABILITIES	$0.00
37	Notes Payable (231)	$74,098,857.22
38	Accounts Payable (232)	$111,361,455.94
39	Notes Payable to Associated Companies (233)	$44,782,001.20
40	Accounts Payable to Associated Companies (234)	$12,094,130.23
41	Customer Deposits (235)	$25,303,690.69
42	Taxes Accrued (236)	$3,697,638.69
43	Interest Accrued (237)	$11,560,307.59
44	Dividends Declared (238)	$0.00
45	Matured Long-Term Debt (239)	$0.00
46	Matured Interest (240)	$0.00
47	Tax Collections Payable (241)	$0.00
48	Miscellaneous Current and Accrued Liabilities (242)	$69,487,019.46
49	Obligations under Capital Lease-current (243)	$38,455.23
50	Derivative Instrument Liabilities (244)	$0.00
51	(Less) Long-Term Portion of Derivative Instrument Liabilities	$0.00
52	Derivative Instrument Liabilities-Hedges (245)	$0.00
53	(Less) Long-Term Portion of Derivative Instrument Liabilities - Hedges	$0.00
54	Total Current and Accrued Liabilities (lines 37 through 53)	$352,423,556.25
55	DEFERRED CREDITS	$0.00
56	Customer Advances for Construction (252)	$492,676.53
57	Accumulated Deferred Investment Tax Credits (255)	$6,618,473.07
58	Deferred Gains from Disposition of Utility (256)	$0.00
59	Other Deferred Credits (253)	$9,806,793.89
60	Other Regulatory Liabilities (254)	$63,856,231.61
61	Unamoritized Gain on Reacquired Debt (257)	$0.00
62	Accum. Deferred Income Taxes-Accel. Amort. (281)	$0.00
63	Accum. Deferred Income Taxes -Other Property (282)	$452,364,506.41
64	Accum. Deferred Income Taxes - Other (283)	$221,292,510.19
65	Total Deferred Credits (Lines 56 through 64)	$754,431,191.70
66	TOTAL LIABILITIES AND STOCKHOLDERS EQUITY (lines 16, 24, 35, 54, 65)	$3,026,216,870.09

Exhibit D

SOLAR RENEWABLE ENERGY CERTIFICATE PURCHASE AND SALE AGREEMENT

THIS SOLAR RENEWABLE ENERGY CERTIFICATE PURCHASE AND SALE AGREEMENT ("Agreement"), dated as of [INSERT DATE], (the "Effective Date"), is made and entered into by and between **Atlantic City Electric Company**, a New Jersey corporation ("Purchaser" or "Us" or "We"), having offices at 5100 Harding Highway, Mays Landing, New Jersey 08330, and [INSERT COUNTERPARTY NAME] ("Seller" or "You"), of [INSERT COUNTERPARTY ADDRESS]. From time to time throughout this Agreement, each of Purchaser and Seller is referred to as, individually, a "Party" and together, collectively, as the "Parties" or "They."

BACKGROUND

A. The New Jersey Board of Public Utilities (the "Board"), in its Order dated [INSERT DATE], in Docket No. [INSERT Docket No.(s)] (collectively the "SREC Contracting Order"), approved Purchaser's SREC-based contracting program and authorized and directed Purchaser to enter into long term contracts to purchase the solar renewable energy certificates ("SRECs") generated by solar photovoltaic generation projects (each a "Project") within Purchaser's service territory, which are installed, owned and operated by Purchaser's ratepayers or by solar project developers (each a "Project Developer") at Purchaser ratepayer locations, which Projects have been selected under Board-approved procedures for an award of a SREC purchase contract by Purchaser.

B. Seller is either (i) a Purchaser ratepayer who is, or has entered into an agreement with, a Project Developer for purposes of developing, designing, procuring, installing and operating a Project at the premises or the facility owned or operated by Seller, or (ii) a Project Developer that has entered into an agreement with a Purchaser ratepayer to install, own and operate a Project at the premises or the facility owned or operated by the ratepayer (in either case, the "Facility") physically located in Purchaser's service territory, as such Facility is identified in this Agreement as set forth in Appendix B attached hereto.

C. Seller's Project as specified in Appendix B ("Seller's Project"), has been selected for award of a SREC purchase contract by Purchaser.

D. Purchaser has agreed to purchase, and Seller has agreed to sell, the SRECs generated by Seller's Project under the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the promises and the mutual covenants and agreements hereinafter set forth, the Parties hereto agree as follows:

1. Defined Terms. Capitalized terms not otherwise defined herein, shall have the meaning set forth in the General Terms and Conditions attached hereto and made a part hereof as Appendix A.

2. Term of Agreement. When fully executed, the term of this Agreement (the "Term") shall commence on, or as of, the Effective Date and shall terminate upon expiration of the Delivery Period, unless sooner terminated as hereinafter provided.

3. Registration of Seller's Project.

A. You shall be responsible to construct Seller's Project, or to cause it to be constructed so that it may be registered, and to register Seller's Project, or cause it to be registered, with the New Jersey Clean Energy Program, or its successor under the direction of the Board's Office of Clean Energy ("OCE").

B. You shall submit all required applications and other forms to OCE, as required by OCE, and You, at your sole cost and expense, shall cause OCE to inspect, or arrange for inspection of, Seller's Project in order for OCE to verify and certify that the SRECs generated by Seller's Project are eligible for use in complying with the New Jersey Renewable Portfolio Standards as set forth in N.J.A.C. 14:8-2.1 et seq., as amended, and as in effect from time to time during the Term of this Agreement ("RPS"), and You shall provide Us with a copy, or other acceptable evidence, of the OCE registration, inspection and certification confirming and verifying that Seller's Project is capable of producing RPS-eligible SRECs.

4. Creation of SRECs.

A. When (i) Seller's Project has been constructed, and registered, inspected and certified, with and by, OCE as capable of producing SRECs eligible for use in complying with the RPS, (ii) the Conditions Precedent as set forth in Section A of the attached General Terms and Conditions have been satisfied, completed or waived by Us, and (iii) you have delivered your written notice to Us that Seller's Project is operational, You shall begin to sell and deliver SRECs to Us.

B. An "SREC" is a Solar Renewable Energy Certificate, which is issued by PJM-EIS-GATS (as defined in Section G of the attached General Terms and Conditions) on a monthly basis, and represents all rights, title and interest in and to the environmental attributes associated with the electricity generated by solar photovoltaic systems in New Jersey. One (1) SREC represents the environmental attributes of one megawatt-hour of solar electric generation. Such electricity generation is tracked through monthly meter readings in accordance with applicable PJM-EIS-GATS Operating Rules and other related requirements.

C. For purposes of this Agreement, only meter readings from the SREC Meter (as defined in Section A.6 of the General Terms and Conditions), and not engineering estimates, shall be accepted as the basis for establishing the actual amounts of generation from Seller's Project for purposes of determining the number of SRECs issued by PJM-EIS-GATS for Seller's Project during the Term of this Agreement.

5. Delivery Period. The "Delivery Period" begins on the first day of the first PJM-EIS-GATS Generation Month (i) after You deliver written notice to Us that Seller's Project is able to operate and generate SRECs and deliver them pursuant to the terms of this Agreement, whether or not Purchaser has completed the interconnection of Seller's Project, and (ii) after satisfaction and/or completion by You, or waiver by Us, of the Conditions Precedent as set forth in Appendix A (such date being the "Commencement Date"). The Delivery Period shall terminate at 11:59 p.m. on the date that is [10, 9, or 8] years (i.e., [120, 108, or 96] months)

following the Commencement Date. Each twelve (12) consecutive months following the Commencement Date shall be a "Contract Year." The term "PJM-EIS-GATS Generation Month" means any month in which SRECs are issued in PJM-EIS-GATS for Seller's Project. The first PJM-EIS-GATS Generation Month is the first full (?) month in which SRECs are issued in PJM-EIS-GATS for Seller's Project.

6. Purchase and Sale Obligation.

A. You hereby agree to sell and deliver to Us, and, subject to compliance with the provisions of Sections 9, 10 and 11 of this Agreement, We hereby agree to purchase and take delivery of, the SRECs produced from Seller's Project as and when such SRECs are issued by PJM-EIS-GATS as a result of the actual generation of one (1) megawatt hour of electricity by Seller's Project, as registered on the SREC Meter and as reported to PJM-EIS-GATS, during the Term of this Agreement (the "Transferred SRECs").

B. Only whole (as opposed to fractional) Transferred SRECs shall be considered eligible for payment under this Agreement.

C. In addition to Seller's sale and Purchaser's purchase of SRECs (as defined herein and in the New Jersey RPS), Purchaser, without the payment of any additional consideration to Seller, shall receive title to, and Seller shall convey to Purchaser, any and all other Environmental Attributes associated with the electricity generated by Seller's Project. For purposes hereof, the term "Environmental Attributes" excludes electric energy and capacity produced, but includes any other emissions, air quality or other environmental attribute, aspect, characteristic, claim, credit, benefit, reduction, offset or allowance, howsoever entitled or designated, resulting from, attributable to or associated with the generation of energy by a solar renewable energy facility, whether existing as of the date of the SREC Contracting Order or in the future, and whether as a result of any present or future local, state or federal laws or regulations or local, state, national or international voluntary program. If during the Delivery Period, a change in laws or regulations occurs that creates value in Environmental Attributes, including but not limited to any associated tax preferences and benefits, then at Purchaser's request, Seller shall cooperate with Purchaser to register such Environmental Attributes or take other action necessary to obtain the value of such Environmental Attributes for Purchaser.

D. We shall not purchase any energy or capacity from Seller's Project under this Agreement, and You have the right to enter into agreements with third parties to sell energy and/or capacity produced by Seller's Project.

7. Assignment of SRECs. In furtherance of Your Agreement to sell the Transferred SRECs to Us during the Term of this Agreement, You hereby assign to Us, free and clear of all liens, security interests, encumbrances, Claims (as defined in Section M of Appendix A) or any other interest therein or thereto held by a third party, all of Your right, title and interest in and to the Transferred SRECs.

8. Quantity of SRECs.

A. During each Contract Month of each Contract Year, You shall sell and deliver to Us, and We shall purchase and accept delivery of (and pay in accordance with the provisions of Section 11 of this Agreement), 100% of the total Transferred SRECs produced by Seller's Project, if any, during each Contract Month of each Contract Year, up to, but not in excess of, that amount determined on an Energy Year basis, and resulting from the following calculation: (i) multiply the Size of Project, as stated in Appendix B, expressed in kilowatts (i.e., kWs) by (ii) 1,300 hours, and (iii) divide the result of the multiplication of (i) and (ii) by 1,000 kilowatt hours (i.e., kWhs (1,000 kWh = 1 kW)). The result of this calculation, rounded up to the next whole number of SRECS is the "Annual SREC Generation Capacity". The term "Energy Year" as used herein means the 12-month period from June 1st through May 31st, numbered according to the calendar year in which it ends. Where only a partial Energy Year shall have elapsed by the end of the first or last Contract Year, the calculation of the Annual SREC Generation Capacity shall be pro-rated for such partial Energy Year.

B. In the event that Seller's Project produces SRECs in excess of the Annual SREC Generation Capacity, We shall have the option, but not the obligation, to purchase all or any portion of such excess SRECs at a rate of 50% of the Purchase Price as defined in Section 9 hereof. Unless We exercise such option, and then only to the extent of the number of excess SRECs we choose to purchase, excess SRECs shall not be treated, or paid for, as Transferred SRECs. (How will this process work? Specifically how is the option exercised --- I assume there is some process of notice to the Seller, and is there a specific timeframe for which the option is available?)

C. As used herein, "Contract Month" means each calendar month during the Delivery Period and, where the Commencement Date does not fall on the first day of a month, the Calendar Month shall be the remaining portion of the month.

9. Purchase Price for SRECs. Subject to compliance with the provisions of Section 11 hereof, We shall pay You $ [INSERT PRICE](U.S.) per Transferred SREC delivered to Us from Seller's Project during each Contract Month (the "Purchase Price").

10. Delivery of SRECs.

A. Subject to compliance with the provisions of Section G Appendix A of the General Terms and Conditions, You shall arrange for the Delivery of the Transferred SRECs to Us.

B. "Delivery" occurs when title and risk of loss related to Transferred SRECs has been transferred from You to Us and when the transfer of SREC's are properly recorded within the PJM-EIS-GATS and credited to Purchaser's designated PJM-EIS-GATS Account, as defined in the PJM-EIS-GATS Operating Rules. Pursuant to the provisions of Section 7 hereof, You shall provide and execute such forms or instructions or other documents as We and/or PJM-EIS-GATS shall require in order to Deliver all Transferred SRECs each month directly into Purchaser's designated PJM-EIS-GATS Account.

C. We shall be required to read the SREC Meter and provide SREC Meter reading data to PJM-EIS-GATS as frequently as is necessary to allow for the appropriate recordation of the Transferred SRECs within PJM-EIS-GATS. In the event that such readings are not available on a monthly basis, We shall enter available actual meter readings in PJM-EIS-GATS and allow PJM-EIS-GATS to pro-rate monthly generation back to the prior actual meter reading subject to reconciliation based on the next actual SREC Meter reading.

11. <u>Payment for Transferred SRECs</u>.

A. Notwithstanding the monthly Delivery of Transferred SRECs from You to Us, We shall pay You for such Transferred SRECs quarterly, by issuing a payment to You for the actual Transferred SRECs for the preceding Contract Quarter as shown on Appendix D, attached hereto and made a part hereof, and subject to compliance with the provisions of Section 11 B hereof. As used herein, "<u>Contract Quarter</u>" means each Energy Year quarter (as set forth in Appendix D) during the Delivery Period and, where the Commencement Date does not fall on the first day of an Energy Year quarter, the remaining portion of such initial Energy Year quarter. Payment shall be made in accordance with the schedule set forth in Appendix D.

B. You shall provide Us with an invoice within thirty (30) Days after the close of each Contract Quarter detailing the amount of Transferred SRECs delivered during each Contract Month of the Contract Quarter just closed and stating the amount owed by Us as calculated using the Purchase Price. Such invoice, which shall be paid in accordance with the requirements of Appendix D, shall also reflect the deduction of the SREC Transaction Fee of $22.59 per Transferred SREC and any other deductions owed by You to Us, if any.

C. You shall have ten (10) Business Days following receipt of payment for the Transferred SRECs to contest the amount paid. If You in good faith dispute the correctness of a payment and the accompanying explanatory statement issued by Us, then You and We shall attempt in good faith to resolve the dispute promptly through negotiations. If it is determined that We have underpaid, then We shall pay You the amount that remains due and unpaid within ten (10) Business Days of such determination (in terms of underpayment, does this assume there is mutual agreement on that issue? What if We overpaid? If the parties cannot agree, is it arbitrated per Section M of Appendix A?).

D. As used herein, "<u>Business Day</u>" means any day other than a Saturday, Sunday or a Federal Reserve Bank holiday. A Business Day starts at 8:00 a.m. and ends at 5:00 p.m., local prevailing time in the New Jersey location of the Facility.

12. The General Terms and Conditions of this Agreement are attached hereto as Appendix A, and, by this reference, are made a part hereof.

IN WITNESS WHEREOF, and intending to be legally bound by the terms and conditions of this Agreement, the Parties have executed this Agreement as of the Effective Date hereof.

[INSERT NAME]

____
Seller Name

By: ______________________________
Name: __________________
Title: __________________

ATLANTIC CITY ELECTRIC COMPANY

By: ______________________________
Name: ______________________________
Title: __________________________

APPENDIX A

GENERAL TERMS AND CONDITIONS

Capitalized terms not defined herein shall have the meaning set forth in the Agreement to which this Appendix A is attached and made a part thereof.

A. CONDITIONS PRECEDENT. Purchaser's obligations under this Agreement shall not become effective, and, except with respect to the provisions of Subsection10 hereof, Seller shall forfeit any deposit paid to Purchaser as a condition to participating in the bidding process that resulted in the award to Seller of the opportunity to enter into this Agreement (the "Deposit"), unless and until the following conditions are satisfied by Seller, in form and substance satisfactory to Purchaser and its counsel, on or prior to the Commencement Date. The Deposit, without interest, shall be returned by Purchaser to Seller promptly following the Commencement Date.

1. Execution and Delivery of Agreement. This Agreement and any associated material documents or other agreements, including, without limitation, an appropriate interconnection agreement, shall have been completed, duly executed and delivered by Seller to Purchaser. Seller shall return this executed Agreement promptly within the time frames specified by Purchaser in the notice accompanying, or issued in connection with, the delivery of this Agreement to Seller and the entry of a final and unappealable SREC Contracting Order by the Board.

2. Other Documentation. To the extent Purchaser has requested such documentation, Purchaser shall have received all requested Seller's Project Documents (as defined in Section K of this Appendix A) with respect to Seller's Project, each duly executed by each person that is a party thereto, each of which Seller's Project Documents shall be in full force and effect, and in form and substance satisfactory to Purchaser.

3. Completion of Seller's Project. The installation of Seller's Project at the Facility shall have been completed ; provided that Seller shall have previously notified Purchaser in writing that Seller's Project is substantially complete, and Purchaser, at its option and discretion, shall have verified within fourteen (14) days of Seller's notice that Seller's Project has achieved operation .

   For purposes of this Agreement, in the event the Commencement Date has not occurred within one (1) year of the Effective Date, Purchaser shall have the right, exercisable upon written notice to Seller, to terminate this Agreement without further obligation or liability to Seller. Notwithstanding the foregoing, such one-year period may be extended, on one condition only, by submission by Seller to Purchaser, prior to the expiration of such one-year period, of a certification of Seller substantially in the form attached hereto as Appendix A-1 and by Seller's compliance with the requirements for such certification set forth in the Board's

Order dated March 12, 2012 and the Stipulation of Settlement approved in that Order. Further extensions may be granted only by Order of the Board following formal petition to the Board for such further extension.

Seller may seek review by the Board of a denial by Purchaser of an extension request, which shall be Seller's exclusive remedy in the event of a denial.

4. <u>OCE Inspection Report</u>. Seller, at its sole cost and expense, shall have arranged for and caused OCE to inspect and certify Seller's Project and shall have provided to Purchaser a complete copy of (i) the OCE inspection report with respect to Seller's Project installed at the Facility, (ii) the OCE certification of Seller's Project, and (iii) the final "as built" Project Documents.

5. <u>Registration with PJM-EIS-GATS</u>. If Seller is required by PJM-EIS-GATS to become an Account Holder, then Seller, at its sole cost and expense, shall have registered Seller's Project with, and shall have subscribed to, PJM-EIS-GATS, and shall have opened a PJM-EIS-GATS Account in accordance with PJM-EIS-GATS Operating Rules for purposes of making Delivery of Transferred SRECs to Purchaser, and Seller shall provide evidence of same to Purchaser.

6. <u>The SREC Meter</u>. Seller shall have arranged, at its sole cost and expense, for (i) Seller to install, own, and maintain a revenue grade kilowatt-hour meter (the <u>"SREC Meter"</u>) at Seller's Project located in accordance applicable regulatory standards, and capable of measuring the electricity generated from the continued operation of Seller's Project throughout the Term so as to be reported to, and subject to audit and reasonable access by, Purchaser, and PJM-EIS-GATS pursuant to the PJM-EIS-GATS Operating Rules and other PJM-EIS-GATS requirements, as applicable, and (ii) net metering arrangements with Purchaser.

7. <u>Certification Regarding Rebates</u>. Seller shall have certified to Purchaser that it has not received, and will not receive, any rebates with respect to Seller's Project under the Customer On-Site Renewable Energy ("<u>CORE</u>") Program administered by OCE for the period 2001 through 2008.

8. <u>No Defaults</u>. No Event of Default under this Agreement or any other agreement applicable to Seller's Project has occurred and is continuing.

9. <u>Continuing Representations and Warranties</u>. The representations and warranties of Seller contained in this Agreement shall be true and correct as of the Commencement Date with the same effect as though made on such date, except that: (i) for such changes as are specifically permitted hereunder; and (ii) to the extent made solely as of a previous date, such representations and warranties shall have been true and correct as of such previous date.

10. <u>SREC Contracting Order</u>. The Board's SREC Contracting Order, and/or any subsequent Board Order authorizing Purchaser to enter into such contracts and

agreements, including, in particular, this Agreement, remains in full force and effect.

11. Solar Developer Fee . Seller shall have paid to Purchaser upon execution of this Agreement a Solar Developer Fee that will initially be set at $17.07 per SREC purchased by ACE from the developer. The fee will be applied to each SREC purchase transaction between the Company and the Program Participant. The fee will be adjusted on an annual basis.

12. Application Fee. Atlantic City Electric Company will charge a non-refundable Application Fee of $150 for each application to participate in a program solicitation. ACE will credit the total revenues it collects through Application Fees to offset a portion of the Program costs to be recovered through the RGGI Rider.

13. Assignment Fee. Atlantic City Electric Company will charge an Assignment Fee of $1,500 for contract assignments. These costs will be billed directly to the counterparty under the SREC-PSA that is seeking to assign it.

B. INSPECTIONS. Prior to the Commencement Date and thereafter during the Term, Purchaser shall have the right, but not the obligation, to make inspections of Seller's Project, and/or retain a third party to make any such inspections on its behalf, and, following the Commencement Date, to ensure that Seller's Project is being operated and maintained in accordance with prevailing industry standards and applicable laws. All inspections by Purchaser are for Purchaser's determination of completion of Seller's Project in accordance with Section A.3 above and otherwise for its internal purposes only, and are not to be deemed to constitute Purchaser's approval of Seller's Project and/or its continued operation.

C. TAXES, FEES AND EXPENSES. Seller shall pay any and all costs, fees, and expenses, including any and all Taxes and transaction costs, fees and expenses attributable to or arising from the sale of the Transferred SRECs under this Agreement and in order to (a) obtain the initial certification of for the Transferred SRECs, including any inspections of Seller's Project in connection therewith, and (b) provide for the filing and recording of any instrument delivered by Seller to convey the Transferred SRECs to Purchaser. Purchaser shall pay any and all costs, fees and expenses incurred in connection with (i) the certification of the Transferred SRECs, if any, required with respect to any subsequent sale of the Transferred SRECs by Purchaser, (ii) any other certifications or third party verifications concerning the Transferred SRECs, and (iii) any and all Taxes and transaction costs, fees and expenses attributable to or arising from the subsequent sale of the Transferred SRECs by Purchaser. If Purchaser is required by law or regulation to remit or pay Taxes, which are Seller's responsibility hereunder, Purchaser may deduct the amount of any such Taxes from the sums due to Seller under this Agreement. Nothing shall obligate or cause a Party to pay or be liable to pay any Taxes for which it is exempt under the law and for which it timely asserts and diligently pursues such exemption, until final determination thereof. "Taxes" means any and all new or existing privilege, sales, use, consumption, excise, transaction, and other taxes or similar charges, and any increases in the same, but "Taxes" does not include income taxes or other similar taxes based on income or net revenues.

D. REPRESENTATION AND WARRANTIES.

1. Seller. Seller represents and warrants that:

i. If Seller is not an individual, it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement, and the execution, delivery and performance of this Agreement is within its powers, has been duly authorized by all necessary action and do not violate any of the terms and conditions in its Constitutive Documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it. "Constitutive Documents" means, with respect to any person that is a corporation, its certificate of incorporation or articles of incorporation, its by-laws and all shareholder agreements, voting trusts and similar arrangements applicable to any of its authorized shares of capital stock; with respect to any person that is a limited partnership, its certificate of limited partnership and partnership agreement; with respect to any person that is a limited liability company, its certificate of formation and its limited liability company agreement; and with respect to any person that is a grantor trust, its trust agreement, in each case, as the same may be amended or modified and in effect from time to time;

ii. This Agreement and each other document executed and delivered in accordance with this Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with its terms; subject to any equitable defenses, bankruptcy principles, or the like;

iii. It is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;

iv. No Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;

v. It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement; and

vi. If Seller is the Project Developer, Seller has obtained and provided to Purchaser the written acknowledgement (in the form attached hereto as Appendix C) of the owner of the Facility ("Host") acknowledging for Purchaser's benefit that Seller has the right to locate Seller's Project at the Facility and that Host has (a) no right, title or interest, including, but not limited to, any third party beneficiary rights, in the Transferred SRECs, which are to be sold to Purchaser under this Agreement, (b) no right, title or interest in this Agreement, including, but not limited to any third party beneficiary rights, (c) no rights against Purchaser, and shall not look to Purchaser, with respect to any claim for damages with respect to any aspect of Seller's Project, including, but not limited to, the construction, operation or maintenance thereof at Host's Facility.

2. Purchaser. Purchaser represents and warrants that:

i. It is duly organized, validly existing and in good standing under the laws of the State of New Jersey, it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement, and the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its Constitutive Documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

ii. This Agreement and each other document executed and delivered in accordance with this Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with its terms; subject to any equitable defenses, bankruptcy principles, or the like;

iii. It is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;

iv. No Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;

v. It is acting for its own account pursuant to the directive of the Board as set forth in the SREC Contracting Order, and is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement; and

vi. It has entered into this Agreement in compliance with the SREC Contracting Order and it has the capacity or ability to make or take delivery of all Transferred SRECs referred to in this Agreement.

E. FURTHER SELLER REPRESENTATIONS AND WARRANTIES. In addition to the representations and warranties of Seller made above, Seller also represents and warrants that (i) the number of Transferred SRECs credited to Seller's PJM-EIS-GATS Active Subaccount will be based on the energy generation from Seller's Project at the Facility based upon the reading of the SREC Meter as provided to PJM-EIS-GATS, (ii) all Transferred SRECs issued by PJM-EIS-GATS for Seller's Project and sold to Purchaser hereunder shall be eligible for use in complying with the RPS as so certified by OCE or such other agent as designated and appointed by the Board from time to time, and (iii) Seller shall promptly notify Purchaser of any change in circumstance, which causes the foregoing representation and warranty to no longer be true, including providing a copy of any notice received from OCE or otherwise indicating or determining that the Transferred SRECs are no longer RPS-eligible ("Non-eligible SRECs"). Purchaser shall not be obligated to pay for Non-eligible SRECs, and Seller shall be responsible to reimburse Purchaser for any payments made to Seller for Non-eligible SRECs.

F. FURTHER ASSURANCES. Each of the Parties hereto agree to cooperate with the other and to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by the other Party, which are not inconsistent with the provisions of this Agreement and which do not involve the assumptions of obligations other than those provided for in this Agreement, in order to give full effect to this Agreement and to carry out the intent of this Agreement.

G. PJM-EIS-GATS. This Agreement provides for the use of the PJM-EIS-GATS. For purposes of this Agreement:

1. "PJM" means the PJM Interconnection, a regional transmission organization that coordinates and directs the operation and ensures reliability of the high-voltage electric power system service all or parts of the territory consisting of the states of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.

2. "PJM-EIS-GATS" means the electronic PJM Environmental Information Service-Generator Attribute Tracking System operated by the PJM-EIS-GATS Administrator to account for the creation, tracking and retirement of SRECs in the PJM "Control Area," as that term is defined in the PJM-EIS-GATS Operating Rules.

3. "PJM-EIS-GATS Account" means a Party's SREC account on PJM-EIS-GATS, as identified if applicable.

4. "PJM-EIS-GATS Administrator" means PJM Environmental Information Services, Inc., a wholly-owned subsidiary of PJM Technologies, Inc., or any successor thereto performing similar functions.

5. "PJM-EIS-GATS Operating Rules" means the Generation Attribute Tracking System (PJM-EIS-GATS) Operating Rules adopted by the PJM-EIS-GATS

Administrator, as the same may be amended or modified and in effect from time to time by PJM-EIS-GATS.

6. In the event that PJM-EIS-GATS requires Seller to become an "Account Holder," as defined in the PJM-EIS-GATS Operating Rules, then at Seller's sole cost and expense, Seller shall become a PJM-EIS-GATS Account Holder and Seller shall open, maintain, or cause to be opened and maintained, until expiration of the Term, a Seller's <u>PJM-EIS-GATS Account</u> into which Transferred SRECs from Seller's Project may be deposited, and transferred to and from, in accordance with the applicable PJM-EIS-GATS Operating Rules.

7. If Seller is required to become an Account Holder, then each Month during the Delivery Period, no later than ten (10) Business Days after the Transferred SRECs are deposited into Seller's PJM-EIS-GATS Account, Seller shall, in accordance with the PJM-EIS-GATS Operating Rules, cause all such Transferred SRECs generated in the relevant Contract Month to be made available for transfer to Purchaser's PJM-EIS-GATS Account. Within five (5) Business Days after Seller has caused all such Transferred SRECs generated in the relevant Contract Month to be made available for transfer to Purchaser's PJM-EIS-GATS Account, Purchaser shall confirm acceptance of the Transferred SRECs in accordance with the PJM-EIS-GATS Operating Rules.

8. If Seller is required to become an Account Holder, then title to the Transferred SRECs shall not pass from Seller to Purchaser until Purchaser confirms acceptance of the Transferred SRECs.

9. In the event that the processes and procedures provided in Subsections (6), (7) and (8) hereof for the delivery of SRECs are no longer authorized by the Board or PJM-EIS-GATS, or both, the Parties agree to comply with, and act under and in accordance with, the Board's then applicable rules and/or Orders pertaining to the creation, issuance, verification, and tracking of SRECs by any successor entity or organization to PJM-EIS-GATS, as may be authorized from time to time by the Board.

H. FORCE MAJEURE.

1. Except as otherwise set forth in this Agreement, neither Party shall be liable for any failure or delay in performance of its respective obligations hereunder during the Delivery Period if and to the extent that such delay or failure is due to a Force Majeure Event. In the event of (i) a Force Majeure Event of twelve (12) consecutive months duration, or (ii) Force Majeure Events cumulatively totaling twenty-four (24) months, in which Seller fails to deliver any Transferred SRECs from Seller's Project to Purchaser, Purchaser shall have the right to terminate this Agreement without further liability to Seller, by giving Seller fifteen (15) Business Days written notice.

2. Force Majeure Event means any cause beyond the reasonable control of, and not due to the fault or negligence of, the affected Party and which could not have been avoided by the affected Party's reasonable due diligence, including, as applicable, war, terrorism, riots, embargo or national emergency; curtailment of or inability to obtain electric power transmission services or interconnection; fire, flood, windstorm, earthquake, or other acts of God; strikes, lockouts, or other labor disturbances (whether among employees of Seller, its suppliers, contractors, or others); delays, failure, and/or refusal of suppliers to supply materials or services; orders, acts or omissions of the PJM-EIS-GATS Administrator, as applicable; orders or acts of any Governmental Authority (as defined in Section P.2 hereof) (other than those orders and acts addressed under Section P of these General Terms and Conditions); changes in laws or regulations (other than those changes addressed under Section P of these General Terms and Conditions); or any other cause of like or different kind, beyond the reasonable control of Seller. Notwithstanding the foregoing, a Force Majeure Event shall not be based on Seller's ability to sell SRECs at a price greater than the Purchase Price, Purchaser's ability to purchase SRECs at a price below the Purchase Price, Purchaser's inability to resell the SRECs or any events addressed under Section P of these General Terms and Conditions.

I. ASSIGNMENT/DELEGATION. Neither Purchaser nor Seller shall assign this Agreement nor delegate any of its duties hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed; otherwise any such assignment or delegation shall be voidable at the option of the other Party. Notwithstanding the foregoing, either Party may, without the prior consent of the other Party, (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements (and without relieving itself from liability hereunder), (ii) transfer or assign this Agreement to an affiliate of such Party which affiliate's creditworthiness is equal to or higher than that of such Party, or (iii) transfer or assign this Agreement to any person or entity (A) succeeding to all or substantially all of the assets of such Party, or (B) purchasing the Facility at or on which Seller's Project is located, provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request; provided further that the transferring party shall promptly provide the non-transferring party with notice in writing containing reasonably detailed information regarding the assignment, including instructions with respect to any applicable changes in names or addresses acknowledged in writing by the assignor and assignee. In requesting Purchaser to process an assignment hereunder, Seller shall submit payment to Purchaser of an assignment fee in the amount of $1,000 for each occurrence and shall pay thereafter any additional costs (including but not limited to outside counsel and legal consultant fees) incurred by Purchase .

1. Financing Cooperation. Purchaser agrees, at Seller's sole cost and expense, to (i) cooperate with Seller in responding to or complying with the reasonable requirements or reasonable requests of any Financing Party with respect to the

obligations of Purchaser hereunder; provided, however, that such compliance will be only to the extent permitted under the SREC Contracting Order, (ii) provide reasonable assistance to Seller in complying with the reporting requirements set forth in any financing agreements of a Financing Party, and (iii) at any time, and from time to time, during the Term, after receipt of a written request by Seller, execute and deliver to Seller and/or any Financing Party, such estoppel statements (certifying, to the extent true and correct, among other things that (1) this Agreement is in full force and effect, (2) no modifications have been made, (3) no disputes or defaults exist, (4) no events have occurred that would, with the giving of notice or the passage of time, constitute a default under this Agreement, and (5) all amounts then due and owing have been paid) or consents to assignments of this Agreement by Seller as collateral security as may reasonably be required. "Financing Party" means any lenders or other third parties providing construction financing, long-term financing or other credit support in connection with the development, construction or operation of Seller's Project.

J. EVENTS OF DEFAULT; REMEDIES AND DAMAGES.

1. In the event of a default by either Party ("Event of Default") of, or arising from, (i) the failure of either Party to make when due, any payment obligation required hereunder if such failure is not remedied within ten (10) Business Days after written notice of such failure is given to the party which has failed to perform (the "Defaulting Party") by the other Party; (ii) the failure of either Party to comply with any or all of its other respective obligations in good faith as herein set forth and such noncompliance is not cured within thirty (30) Business Days after notice thereof to the Defaulting Party; or (iii) either Party (1) filing a petition in bankruptcy, (2) having such a petition filed against it, or (3) becoming otherwise insolvent or unable to pay its debts as they become due, the non-Defaulting Party may establish by written notice to the Defaulting Party a date on which this Agreement shall terminate . The non-Defaulting Party may suspend performance of its obligations under this Agreement until such Event of Default is cured, or if the Event of Default is a failure to pay as set forth in Subsection (i) above, until such amounts have been paid, and if the non-Defaulting Party chooses to suspend performance, Seller's exclusive remedy therefor is Seller's right to receive payment.

2. If Seller fails to deliver any Transferred SRECs in any Contract Month, whether by reason of a Force Majeure Event or otherwise, Purchaser shall have no obligation to pay Seller any amount for such Contract Month.

3. Except as otherwise provided herein, all other damages and remedies are hereby waived as to any Events of Default. (I don't understand this provision)

K. NO ASSUMPTION OF LIABILITIES. Purchaser shall not assume, and Seller shall retain and be responsible for, any and all liabilities and obligations of Seller of any kind or nature whatsoever with respect to Seller's Project, including, without limitation, any and all liabilities and obligations of Seller under Seller's Project Documents. "Project Documents" means this Agreement, OCE certifications and other evidence of OCE inspections of Seller's Project, and the executed project development agreement or any other agreement between Seller and a Project Developer evidencing a legally enforceable obligation to develop, design, procure, and install a solar-powered photovoltaic generation system warranted to operate at the Facility for at least the Term of this Agreement, and, if Seller is a Project Developer, any applicable leases, easements, power purchase agreements between the Project Developer and Host and licenses evidencing Project Developer's rights of access and rights to develop, design, procure, install and operate a solar-powered photovoltaic generation system at the Facility and warranted to operate at the Facility for at least the Term of this Agreement.

L. LIMITATION OF LIABILITY. WITH RESPECT TO ANY LIABILITY HEREUNDER, NEITHER SELLER NOR PURCHASER SHALL BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS, OR BUSINESS INTERRUPTION DAMAGES, WHETHER BY STATUTE, IN TORT OR IN CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.

M. DISPUTES Any dispute or Claim arising hereunder not otherwise resolved by and between the Parties through good faith negotiations shall be presented for binding arbitration in Morristown, New Jersey in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") using a single arbitrator jointly selected by the Parties unless the Parties are unable to agree to a single arbitrator within ten (10) Business Days after commencing arbitration, in which case the arbitrator will be selected by AAA. "Claim(s)" means all third party claims or actions, threatened or filed and, whether groundless, false, fraudulent or otherwise, that directly or indirectly relate to the subject matter of any dispute hereunder, and the resulting losses, damages, expenses, attorneys' fees and court costs, whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

N. NOTICES. Notices provided for or required under this Agreement shall be exercised in writing. The Parties shall be legally bound from the date the notification is exercised. Notices provided for or required in writing herein shall be delivered by hand or transmitted by facsimile or sent by postage prepaid, certified mail, return receipt requested, or by overnight mail or courier. Notices hand delivered, shall be deemed delivered by the close of the Business Day on which it was hand delivered (unless hand delivered after the close of the Business Day in which case it shall be deemed received by the close of the next Business Day). Notices provided by facsimile shall be deemed to have been received upon the sending of a Party's receipt of its facsimile machine's confirmation of a successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. Eastern prevailing time on a Business Day, then such facsimile shall be deemed to have been received on the following Business Day. Notices provided by postage prepaid, certified mail, return receipt requested, or by overnight mail or courier, shall be deemed delivered upon receipt.

O. INDEMNITY. Each Party shall indemnify, defend and hold harmless the other Party from and against any Claims arising from or out of any event, circumstance, act or incident first occurring or existing during the period when control and title to Transferred SRECs is vested in such Party as provided for in Section 10 of this Agreement. Each Party shall indemnify, defend and hold harmless the other Party against any Taxes for which such Party is responsible under Section C of these General Terms and Conditions.

P. REGULATORY CHANGES

1. Purchaser Cost Recovery. The Parties recognize and agree that their obligations under this Agreement and the amounts to be paid to Seller for SRECs hereunder, and the incurring of costs by Purchaser associated with this Agreement, are premised upon and subject to Purchaser's continuing ability to timely and fully recover from its customers all amounts paid to Seller hereunder as well as administrative costs associated with this Agreement and all other amounts authorized to be recovered by Purchaser in the SREC Contracting Order.

2. Regulatory Changes. If the regulatory framework in effect as of the date hereof governing this Agreement and the program under which it was executed, whether such regulatory framework is set forth in regulations, the SREC Contracting Order, the Board Order approving this Agreement or otherwise, is amended or suspended by the Board or any other Governmental Authority and/or is otherwise no longer in force (collectively, a "Regulatory Change"), Purchaser will continue to purchase SRECs from Seller, IF BUT ONLY IF, all of the following conditions are met: (a) Seller continues to produce and sell SRECs in accordance with this Agreement; (b) the terms in this Agreement governing the purchase and sale of SRECs remain in full force and effect; and (c) despite the Regulatory Change, Purchaser continues to receive rate treatment and cost recovery, in terms of amounts to be recovered, including, without limitation, recovery of amounts paid under this Agreement to purchase SRECS, administrative costs, carrying costs and incentives, if any, and timeliness of recovery, that is no worse for Purchaser than was provided for as of the date hereof. In the event that there is a Regulatory Change and all of the foregoing conditions (a), (b) and (c) are not met, then, either: (x) the Parties shall promptly thereafter commence good faith negotiations, which shall not exceed a period of thirty (30) days, to amend this Agreement, if possible, to conform to the Regulatory Change in a manner that does not cause Purchaser or its ratepayers to be in a worse position than it would have been in had the regulatory framework and its rate treatment and cost recovery not been changed; or (y) upon thirty (30) days prior written notice to Purchaser, Seller may terminate this Agreement and neither Party shall have any further liability or obligation hereunder except with respect to amounts due prior to the date of such termination. In the event that the Parties cannot negotiate an amendment to this Agreement that meets the requirements of clause (x) above, this Agreement shall terminate at the expiration of the thirty (30)-day negotiation period. "Governmental Authority" means the federal government, any state or local government or other political subdivision thereof (whether federal, state or local), any court and any administrative agency or other regulatory body, instrumentality,

authority or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

3. Further Understandings. Notwithstanding the provisions of Section P.2 above, (a) Purchaser shall not be obligated to pay Seller hereunder during the pendency of any appeal with respect to any such Regulatory Change, and (b) any termination of this Agreement or any amendment to this Agreement shall be effective retroactively from the date such Regulatory Change, and Seller shall reimburse Purchaser for any amounts paid to Seller which exceed the amounts that should have been paid pursuant to the foregoing provisions of Section P.2 as a result of such final and non-appealable order regarding a Regulatory Change.

Q. FORWARD CONTRACT. Purchaser and Seller each acknowledge that, for purposes of this Agreement, it is a “forward contract merchant” and that all transactions pursuant to this Agreement constitute “forward contracts” within the meaning of the United States Bankruptcy Code.

R. NETTING AND SETOFF. If Purchaser and Seller are required to pay any amount under this Agreement on the same day or in the same month, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the Party owed the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims, combination of accounts, liens and other remedies and defenses which such Party has or may be entitled to (whether by operation of law or otherwise). The obligations to make payments under this Agreement and/or any other contract between the Purchaser and Seller, if any, may be offset against each other, set off or recouped therefrom.

S. WAIVER. The failure of Purchaser or Seller to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a future waiver of any such provisions or the relinquishment of any such rights, but the same shall continue and remain in full force and effect for the term of this Agreement.

T. ENTIRE AGREEMENT. This Agreement, together with any attachments or exhibits specifically referenced herein, constitutes the entire contract between Purchaser and Seller with respect to the subject matter hereof, supersedes all prior oral or written representations and contracts, and may be modified only by a written amendment signed by Purchaser and Seller.

U. COMPLIANCE WITH LAWS. Seller and Purchaser shall comply with the provisions of all laws and any applicable order and/or regulations, or any amendments or supplements thereto, which have been, or may at any time be, issued by a Governmental Authority relating to this Agreement and the transactions hereunder.

V. GOVERNING LAW. This Agreement shall be construed, enforced, and performed in accordance with the laws of the State of New Jersey, without recourse to principles governing conflicts of law.

W. AUDITING. During the Term, Purchaser may, at reasonable times and on reasonable notice, audit Seller's records pertaining to Seller's Project and the Transferred SRECs, and Seller shall maintain reasonable records relating to this Agreement for a period of two (2) years following termination of this Agreement.

V. EFFECTIVENESS OF CONTRACT. Purchaser's obligations under this Agreement shall not become effective unless and until the foregoing conditions are satisfied by Seller, in form and substance satisfactory to Purchaser and its counsel, on or prior to the Commencement Date. Capitalized terms not defined herein shall have the meaning set forth in the Agreement to which this Appendix A is attached and made a part thereof.

APPENDIX A-1

CERTIFICATION

The undersigned, _[name]_, _[title]_ of _[name of developer]_ ("Seller"), hereby CERTIFIES as follows in connection with that certain Solar Renewable Energy Certificate Purchase and Sale Agreement, dated as of ________, 201[_], between Seller and _[name of EDC]_ ("SREC PSA") relating to the solar photovoltaic generation project ("Project") defined in the SREC PSA:

1. Engineering and design work for the Project has been completed.

2. (a) Construction permits for the Project have been approved by the authority having jurisdiction, or

   (b) Construction Permits for the Project are not required under applicable law.

3. Project materials for the Project, including a majority of the panels, inverters and the mounting system, are on site or stored at a facility within the developer's control.

4. Seller has the requisite documentation substantiating this certification and will retain it for two years from the date hereof and make it available to the New Jersey Board of Public Utilities ("Board") and/or its Staff upon request.

5. Seller hereby agrees that Section A.3 of Appendix A to the PSA, General Terms and Conditions, shall be deemed to have been amended in all respects as set forth in the Board's Order dated March 12, 2012 under dockets EO08100875, EO08090840 and EO09020097 and the Stipulation of Settlement approved in that Order. Without limiting the generality of the foregoing, Seller acknowledges that its only recourse from a denial by Purchaser of a requested extension is to seek review of such action by the Board and that any further extension request beyond its initial request to Purchaser must be made by formal petition to the Board and may be granted only by Order of the Board.

I certify that the foregoing statements made by me are true. I understand that if any of the foregoing statements are willfully false, I am subject to punishment.

____
[Name, Title]

Date: _________, 201[_]

APPENDIX B
DESCRIPTION OF SELLER'S PROJECT, SPECIFICATION OF LOCATION OF SELLER'S PROJECT AND DETAILS REGARDING THE SIZE, TYPE, MANUFACTURER AND RELATED DETAILS REGARDING THE QUALIFIED SOLAR PHOTOVOLTAIC GENERATION UNIT
REIPNR-11499 Solar Project

Project Information					
NJCEP Application Number	**Location of Project**	**City**	**State**	**Zip Code**	**Description of Equipment**
[INSERT APPLICATION NUMBER]	[INSERT STREET ADDRESS]	[INSERT CITY]	NJ	[INSERT ZIP CODE]	[INSERT DESCRIPTION OF EQUIPMENT]
Developer: [INSERT DEVELOPER NAME AND ADDRESS] **Contact Info.** [INSERT CONTACT INFORMATION]	**Host:** [INSERT HOST NAME AND ADDRESS] **Contact Info.** [INSERT CONTACT INFORMATION]	**Seller:** [INSERT NAME OF SELLER}	**Size of Project:** [INSERT SIZE OF PROJECT]kW		**Customer Account** [INSERT ACCOUNT NUMBER]

APPENDIX C
[Not Applicable to this transaction]
HOST'S ACKNOWLEDGEMENT AND CERTIFICATION

The undersigned is the owner of the Facility ("Host") at which __________________, the Seller named in the Solar Renewable Energy Certificate Purchase and Sale Agreement dated __________ __, 20__ with Atlantic city Electric Company (the "Agreement"), intends to develop the Seller's Project referred to in the Agreement. The undersigned hereby acknowledges and certifies for the benefit of Atlantic City Electric Company as follows:

1. The undersigned has no right, title or interest, including, but not limited to, any third party beneficiary rights, in the Transferred SRECs (as defined in the Agreement), which are to be sold to Atlantic City Electric Company under the Agreement.

2. The undersigned has no right, title or interest in the Agreement, including, but not limited to any third party beneficiary rights.

3. The undersigned has no rights and/or waives any rights against Atlantic City Electric Company, and shall not look to Atlantic City Electric Company, with respect to any claim for damages with respect to any aspect of Seller's Project, including, but not limited to, the construction, operation or maintenance thereof at the undersigned's Facility.

____
Name of Host

By: ___________________________
Signature

____
Name of Signatory

____
Title of Signatory

Date: _____________ __, 20[__]

APPENDIX D
DELIVERY AND PAYMENT DATES

PJM-EIS-GATS Generation Month	Payment Date Month (no later than the twentieth business day of)
June, July, August	November
September, October, November	February
December, January, February	May
March, April, May	August

Exhibit E

PEPCO HOLDINGS INC. (PHI) POWER DELIVERY
CURRENT JURISDICTIONAL AUTHORIZED/APPROVED CAPITAL STRUCTURES & COSTS OF CAPITAL

					COST	OVERALL	NOTES (EFFECTIVE DATES FOR RETURN ON EQUITY [ROE], RETURN
ACE	NEW JERSEY	ELECTRIC	Long-Term Debt	50.45%	7.16%	3.61%	*ROE OF 10.3%, COMMON EQUITY RATIO OF 49.1%, AND ROR OF 8.69% STATED IN SETTLEMENT.
			Preferred Stock	0.45%	4.27%	0.02%	
			Common Equity	49.10%	10.30%	5.06%	
			Total	100.00%		8.69%	

IN THE MATTER OF THE VERIFIED PETITION OF ATLANTIC CITY ELECTRIC COMPANY CONCERNING A PROPOSAL FOR AN EXTENDED SOLAR RENEWABLE ENERGY CERTIFICATE (SREC)-BASED FINANCING PROGRAM PURSUANT TO <u>N.J.S.A.</u> 48:3-98.1	**STATE OF NEW JERSEY BOARD OF PUBLIC UTILITIES** **BPU Docket No. _______________**

<u>CERTIFICATION OF SERVICE</u>

PHILIP J. PASSANANTE, of full age, certifies as follows:

1. I am an attorney at law of the State of New Jersey and an Associate General Counsel to Atlantic City Electric Company, the Petitioner in the within matter, with which I am familiar.

2. I hereby certify that, on September 5, 2012, I caused an original and eleven (11) copies of the within Verified Petition and exhibits thereto to be sent by overnight courier service to Kristi Izzo, Secretary of the Board, Board of Public Utilities, 44 South Clinton Avenue, P.O. Box 350, Trenton , New Jersey 08625. I also caused an electronic copy to be sent to Secretary Izzo at kristi.izzo@bpu.state.nj.us.

3. I further certify that, on September 5, 2012, I caused a complete copy of the Verified Petition and exhibits thereto to be sent by First Class Mail to each of the parties listed in the attached Service List, except for any copies that were directed to the Division of Rate Counsel. Any copies directed to the Division of Rate Counsel were sent by overnight courier service.

4. I further and finally certify that the foregoing statements made by me are true. I am aware that, if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Dated: September 5, 2012

By: ______________________ /jpr

PHILIP J. PASSANANTE
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In the Matter of the Petition of Atlantic City Electric Company ("ACE" or the "Company")
Concerning a Proposal for an Extended Solar Renewable Energy
Certificate (SREC)-Based Financing Program Pursuant to N.J.S.A. 48:3-98.1
BPU Docket No. ______________________

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