



Agenda Date: 08/19/09

Agenda Item: 2A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**www.nj.gov/bpu**

ENERGY

IN THE MATTER OF THE PROVISION OF BASIC  
GENERATION SERVICE AND COMPLIANCE TARIFF  
FILING REFLECTING CHANGES TO SCHEDULE 12  
CHARGES IN PJM OPEN ACCESS TRANSMISSION  
TARIFF

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DECISION AND ORDER  
APPROVING THE PASS-  
THROUGH OF FERC  
AUTHORIZED CHANGES IN  
FIRM TRANSMISSION  
SERVICE RELATED  
CHARGES

BPU DOCKET NO. EO09060440

(SERVICE LIST ATTACHED)

**BY THE BOARD:**

On June 5, 2009, Jersey Central Power & Light Company ("JCP&L"), Public Service Electric & Gas Company ("PSE&G"), and Rockland Electric Company ("RECO") (collectively, the "EDCs") filed a joint petition with the New Jersey Board of Public Utilities ("Board") requesting recovery of Federal Energy Regulatory Commission ("FERC") approved changes in firm transmission service related charges.

The EDCs' proposed tariff changes reflect increases to the Basic Generation Service ("BGS") Fixed Price ("BGS-FP") and Commercial and Industrial Energy Pricing ("BGS-CIEP") rates to customers resulting from changes in the PJM Open Access Transmission Tariff ("OATT") made in response to (i) formula rate filings made by PPL Electric Utilities Corporation ("PPL") in FERC Docket No. ER08-1457, and by American Electric Power Service Corporation ("AEP") in FERC Docket No. ER08-1329; (ii) the annual formula rate update filing made by Trans-Allegheny Interstate Line Company ("TrAILCo") in FERC Docket No. ER07-562, and (iii) the modified rate formula rate filing for the Mid-Atlantic Power Pathway ("MAPP") project made by the public utility affiliates of Pepco Holdings Inc. ("PHI") in FERC Docket No. ER08-1423, and (iv) the respective utility affiliate compliance filings for formula rate updates made by Atlantic City Electric Company ("ACE") in Docket No. ER09-1156, Delmarva Power and Light ("Delmarva") in Docket No. ER09-1158, and Potomac Electric Power Company ("PEPCO") in Docket No. ER09-1159. The filings referred to in (i) through (iv) above are collectively referred to as the "TEC Filings." The EDCs requested that the changes become effective on July 1, 2009.

The EDCs also requested that the BGS suppliers be compensated for the changes to the OATT resulting from the implementation of these updates to formula rates effective June 1, 2009, subject to the terms and conditions of the applicable Supplier Master Agreement(s) ("SMAs").

According to the EDCs, this filing satisfies the requirements of paragraph 15.9(a) (i) and (ii) of the BGS-FP and BGS-CIEP SMAs, which mandate that BGS-FP and BGS-CIEP suppliers be notified of rate increases for firm transmission service, and that the EDCs file for and obtain Board approval for an increase in retail rates commensurate with the FERC-implemented rate increases.

The specific Schedule 12 charges, referred to as Transmission Enhancement Charges ("TECs"), were implemented to compensate transmission owners for the annual transmission revenue requirements for "Required Transmission Enhancements" (as defined in the PJM OATT) that are requested by PJM for reliability or economic purposes. The costs of TECs are recovered by PJM according to an assigned cost responsibility through an additional transmission charge assessed in the affected transmission zones.

Each EDC is allocated a different amount of TECs from PJM based on the cost for Required Transmission Enhancements in each EDC's transmission zone. Based on the allocation of the TEC Filings transmission costs among the service classes, the annual bill for a residential customer using 650 kWh per month will be increased per utility by approximately the following amounts (including Sales and Use Tax): JCP&L \$2.28 or 0.16%; PSE&G \$1.40 or 0.10%; RECO \$0.36 or 0.02%.

## **DISCUSSION AND FINDING**


In the Board's Order dated December 2, 2003, in Docket No. EO03050394, the Board found that the pass through of any changes in the network integration transmission charge, and other charges associated with the FERC-approved OATT, is appropriate. Furthermore, by subsequent Orders, the Board approved Section 15.9 of the SMAs as filed by the EDCs which requires that the EDCs file for Board approval of any increases or decreases in their transmission charges that have been approved by the FERC. The SMAs also authorize the EDCs to increase the rates paid to suppliers for FERC-approved rates and increases to Firm Transmission Services once approved by the Board. The Board Orders further required that the EDCs review and verify the requested FERC authorized increases.


After review of the verifications and supporting documentation, the Board **HEREBY FINDS** that the June 5 filing satisfies the EDCs' obligations under paragraph 15.9 (a)(i) and (ii) of the relevant SMA, and **HEREBY APPROVES** the increase to the BGS-FP and BGS-CIEP rates requested by each EDC for its increased transmission charges resulting from the FERC-approved changes to the TECs effective for service on or after September 1, 2009. The EDCs are **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate increase subject to the terms and conditions of the SMAs.

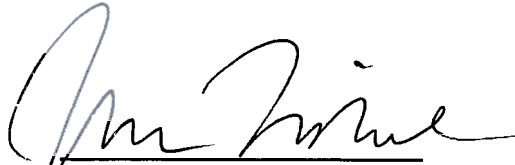
Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings within five (5) business days of this Order.

DATED: 8/19/09

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

  
FRÉDERICK F. BUTLER  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

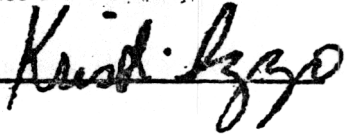
  
NICHOLAS ASSELTA  
COMMISSIONER

  
ELIZABETH RANDALL  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities

  
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IMO the Provision of Basic Generation Service for Year Two of the Post Transition Period AND IMO the Provision of Basic Generation Service for the Period Beginning June 1, 2006 AND IMO the Provision of Basic Generation Service for the Period Beginning June 1, 2007 AND IMO the Provision of Basic Generation Service for the Period Beginning June 1, 2008 BPU Docket Nos. EO03050394, EO05040317, EO06020119, AND ER07060379

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