



Agenda Date: 02/10/11

Agenda Item: 2C

STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center – Suite 801

Newark, NJ 07102

www.nj.gov/bpu

ENERGY

| | | |
|--|---|---------------------------|
| IN THE MATTER OF THE PROVISION OF BASIC |) | DECISION AND ORDER |
| GENERATION SERVICE AND COMPLIANCE TARIFF |) | APPROVING THE PASS- |
| FILING REFLECTING CHANGES TO SCHEDULE 12 |) | THROUGH OF FERC |
| CHARGES IN PJM OPEN ACCESS TRANSMISSION |) | AUTHORIZED CHANGES |
| TARIFF |) | IN FIRM TRANSMISSION |
| |) | SERVICE RELATED |
| |) | CHARGES --- ACE, JCP&L, |
| |) | AND RECO |
| |) | DECEMBER 21, 2010 |
| |) | FILING |
| |) | |
| |) | BPU Docket No. ER10120972 |

(SERVICE LIST ATTACHED)

APPEARANCES:

Philip J. Passanante, Atlantic City Electric, for Joint Petitioner, Atlantic City Electric Company

Marc B. Lasky, Morgan, Lewis, and Bockius LLP, for Joint Petitioner, Jersey Central Power and Light Company

John L. Carley, Consolidated Edison Co. of NY, for Joint Petitioner, Rockland Electric Company

Paul E. Flanagan, Esq., Ami Morita, Esq., Diane Schulze, Esq., Sarah H. Steindel, Esq., Kurt Lewandowski, Esq., New Jersey Division of Rate Counsel (**Stefanie A. Brand, Esq.**, Director)

Alex Moreau, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Paula T. Dow**, Attorney General of New Jersey)

BY THE BOARD:

On December 21, 2010, Atlantic City Electric Company ("ACE"), Jersey Central Power and Light Company ("JCP&L"), 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 a revised formula rate filing by Potomac-Appalachian Transmission Highline, L.L.C. ("PATH") in FERC Docket No. ER08-386, a revised formula rate filing by Virginia Electric and Power Company ("VEPCo") in FERC Docket Nos. ER10-068, and a revised formula rate filing made by Public Service Electric and Gas Company ("PSE&G") in connection with FERC Docket No. ER09-1257. The EDCs requested that the changes become effective on January 1, 2011.

ACE, JCP&L, and RECO are also requesting that the BGS suppliers be appropriately compensated for this change, subject to the terms and conditions of the applicable Supplier Master Agreements ("SMAs"). Any difference between the payments to BGS suppliers and charges to customers would flow through the BGS Reconciliation Charges.

The EDCs stated that 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 changes for firm transmission service, and that the EDCs file for and obtain Board approval of changes in retail rates commensurate with the FERC-implemented rate changes.

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.

On February 28, 2008, FERC approved the PATH filings and accepted the tariffs for filing. On April 16, 2008, the EDCs, along with PSE&G, filed a joint petition with the Board requesting recovery of the allocated PATH firm transmission service related charges. On April 29, 2008, FERC approved the VEPCo Filings and accepted for filing, effective January 1, 2008, VEPCo's revised tariff sheets to the PJM OATT. On June 16, 2008, the EDCs, along with PSE&G, filed a joint petition requesting recovery of the allocated VEPCo firm transmission service related charges. By Board Order dated September 15, 2008, the EDCs received approval from the Board to begin allocating TECs related to the VEPCo and PATH projects.¹ Pursuant to FERC's Order, VEPCo and PATH submitted their formula rate update compliance filings with FERC on or about October 15, 2010, in FERC Docket Nos. ER10-068 and ER08-386, respectively.

¹ In the Matter of the Provision of Basic Generation Service for Year Two of the Post-Transition Period and In the Matter of the Provision of Basic Generation Service for Year Three of the Post Transition Period and In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2006 and In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2007, BPU Docket Nos. E003050394, EO04040288, EO05040317, and EO06020119, Order dated September 12, 2008.

On September 30, 2008, FERC approved PSE&G's filing to substitute a formula rate for its stated rates for Network Integration Transmission Services ('NITS') and Point-to-Point transmission service ("PSE&G Project"). The PSE&G formula rate also incorporates a number of transmission enhancement projects that are included in the OATT Schedule 12. FERC accepted the formula rate proposed by PSE&G, effective October 1, 2008. On October 15, 2008, PSE&G filed its updated formula rate with the FERC. On November 14, 2008, PSE&G filed with the Board to recover the FERC-approved formula rates applicable to PSE&G customers. On December 18, 2008, the Board authorized PSE&G to begin recovering TECs related to the PSE&G Project from its customers.² On October 15, 2010, PSE&G made a compliance filing with FERC in Docket No. ER09-1257.

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 updated VEPCo, PATH, and PSE&G transmission costs, as among the service classes in accordance with each EDC's tariff with a January 1, 2011 effective date as requested by the EDCs, a residential customer would see the following BGS rate increase per utility (including Sales and Use Tax or "SUT"): ACE, \$0.000188 per kWh; JCP&L, \$0.000183 per kWh; and RECO, \$0.00037 per kWh.

DISCUSSION AND FINDINGS

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 NITS charge, and other charges associated with the FERC-approved Open Access Transmission Tariff, 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 changes in their transmission charges that have been approved by the FERC. The SMAs also authorize the EDCs to change the rates paid to suppliers for FERC-approved rates and changes to Firm Transmission Services once approved by the Board. The Board Orders further required that the EDCs review and verify the requested FERC authorized changes.

After review of the verifications and supporting documentation, the Board **HEREBY APPROVES** the increase to the BGS-FP and BGS-CIEP rates requested by the EDCs for transmission charges resulting from the FERC-approved changes to the TECs effective for service on or after March 1, 2011. The annual impact on a typical residential customer using 650 kWh per month would be an increase of \$1.44 for ACE; \$1.44 for JCP&L; and \$2.64 for RECO. The EDCs are **HEREBY ORDERED** to appropriately compensate the BGS suppliers for this transmission rate change subject to the terms and conditions of the SMAs.

²In the Matter of the Provision of Basic Generation Service for Year Two of the Post Transition Period and In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2006 and In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2007 and In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2008- PSE&G November 14, 2008 Filing. BPU Docket Nos. EO03050394, EO05040317, EO06020119, and ER07060379, Order dated December 18, 2008.

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 Board Order.

DATED: 2/10/11

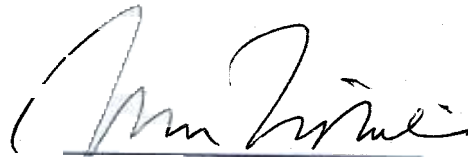
BOARD OF PUBLIC UTILITIES
BY:



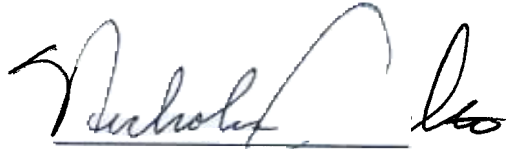
LEE A. SOLOMON
PRESIDENT



JEANNE M. FOX
COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER



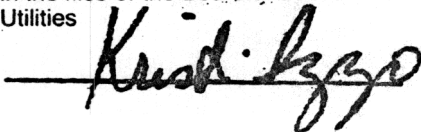
NICHOLAS ASSELTA
COMMISSIONER

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



IMO the Provision of Basic Generation Service and the Compliance Tariff Filing Reflecting Changes to Schedule 12 Charge
in PJM Open Access Transmission Tariff- ACE, JCP&L and RECO December 2010 Filing
BPU Docket No. ER10120972

Kristi Izzo, Secretary
NJ Board of Public Utilities
Two Gateway Center
Suite 801
Newark, NJ 07102

Stacy Peterson
Division of Energy
NJ Board of Public Utilities
Two Gateway Center
Suite 801
Newark, NJ 07102

Mark Beyer, Chief Economist
Office of the Economist
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Alex Moreau, DAG
Dept. of Law and Public Safety
Division of Law
124 Halsey Street, 5th Floor
Newark, NJ 07101

Ami Morita, Esq.
Division of Rate Counsel
31 Clinton Street- 11th Floor
P.O. Box 46005
Newark, NJ 07101

Joseph E. Janocha
PHI Rates and Technical Services
5100 Harding Highway
Mays Landing, NJ 08330

Kevin Connelly
First Energy
150 West State Street
Trenton, NJ 08618

John L. Carley, Esq.
Consolidated Edison Co. of NY
Law Dept. Room 1815-S
4 Irving Place
New York, NY 10003

Jerome May, Director
Division of Energy
NJ Board of Public Utilities
Two Gateway Center
Suite 801
Newark, NJ 07102

Frank Perrotti
NJ Board of Public Utilities
Two Gateway Center
Suite 801
Newark, NJ 07102

Kenneth Sheehan
Counsel's Office
NJ Board of Public Utilities
Two Gateway Center
Suite 801
Newark, NJ 07102

Stefanie Brand, Director
Division of Rate Counsel
31 Clinton Street- 11th Floor
P.O. Box 46005
Newark, NJ 07101

Diane Schulze, Esq.
Division of Rate Counsel
31 Clinton Street- 11th Floor
P.O. Box 46005
Newark, NJ 07101

Gregory Marquis
Bulk Power Supply Management
Pepco Holdings, Inc.
701 9th Street NW
Washington, DC 20068-0001

Marc B. Lasky, Esq.
Thelen Reid Brown Raysman & Steiner
LLP
200 Campus Drive
Suite 201
Florham Park, NJ 07932

Lisa A. Balder
NRG Power Marketing, Inc
211 Carnegie Center
Contract Administration
Princeton, NJ 08540

Alice Bator, Chief Bureau of Rates &
Tariffs
Division of Energy
NJ Board of Public Utilities
Two Gateway Center
Suite 801
Newark, NJ 07102

John Garvey
Division of Energy
Two Gateway Center
Suite 801
Newark, NJ 07102

Babette Tenzer, DAG
Dept. of Law and Public Safety
Division of Law
124 Halsey Street, 5th Floor
Newark, NJ 07101

Paul Flanagan, Esq.
Division of Rate Counsel
31 Clinton Street- 11th Floor
P.O. Box 46005
Newark, NJ 07101

Robert Fagan
Synapse Energy Economics, Inc
22 Pearl Street
Cambridge, MA 02139

Sally Cheong, Manager- Tariff
Jersey Central Power & Light Co.
300 Madison Avenue
Morristown, NJ 07962

Larry Sweeney
JCP&L
300 Madison Avenue
P.O. Box 1911
Morristown, NJ 07962-1911

Steven Gabel
Gabel Associates
417 Denison Street
Highland Park, NJ 08904

IMO the Provision of Basic Generation Service and the Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJ
Open Access Transition Tariff- ACE, JCP&L and RECO December 2010 Filing
BPU Docket No. ER10120972

Edward Zabrocki
Morgan Stanley Capital Group, Inc.
1585 Broadway, 4th Floor
Attn: Chief Legal Officer
New York, NY 10036Edward

Paul Weiss
Edison Mission Marketing and Trade
160 Federal Street
4th Floor
Boston, MA 02110

Frank Cernosek
Reliant Energy
1000 Main Street
REP 11-235
Houston, TX 77002

JPMorgan Chase Bank
ATTN: Legal Dept.-Derivatives
Practice Group
270 Park Avenue
41st Floor
New York, NY 10017-2070

Commodity Confirmations
J.P. Morgan Ventures Energy Corp.
1 Chase Manhattan Plaza
14th Floor
New York, NY 10005

Manager Contracts Administration
Sempra Energy Trading Corp.
58 Commerce Road
Stamford, CT 06902

Sylvia Dooley
Consolidated Edison company of NY,
Inc.
4 Irving Place, Room 1810-s
New York, NJ 10003

Raymond Depillo
PSEG Energy Resources and Trade
80 Park Plaza, T-19
P.O. Box 570
Newark, NJ 07101

Gary Ferenz
Conectiv Energy Supply Inc
P.O. Box 6066
Newark, DE 19714-6066

Consolidated Edison Energy, Inc.
Trading
701 Westchester Avenue
Suite 201 West
White Plains, NY 10604

Daniel E. Freeman, Contract Service
Power
BP Energy Company
501 West Lake Park Blvd., WL1
Houston, TX 77079

Michael S. Freeman
Exelon Generation Company, LLC
300 Exelon Way
Kennett Square, PA 19348

Marjorie Garbini
Conectiv Energy
Energy and Technology Center
500 North Wakefield Drive
P.O. Box 6066
Newark, DE 19714-6066

Arland H. Gifford
DTE Energy Trading
414 South Main Street
Suite 200
Ann Arbor, MI 48104

Deborah Hart, Vice President
Morgan Stanley Capital Group
2000 Westchester Avenue
Trading Floor
Purchase, NY 10577

Marcia Hissong, Director, Contract
Administration/Counsel
DTE Energy Trading, Inc.
414 South Main Street
Suite 200
Ann Arbor, MI 48104

Eric W. Hurlocker
PPL EnergyPlus LLC
Two N. Main Street
Allentown, PA 18101

Fred Jacobsen
NextEra Energy Power Marketing
700 Universe Boulevard
CTR/JB
June Beach, FL 33408-2683

Gary A. Jeffries, Senior Counsel
Dominion Retail, Inc.
1202 Pitt Street
Pittsburgh, PA 15221

Shiran Kochavi
NRG Energy
211 Carnegie Center
Princeton, NJ 08540

Shawn P. Leyden, Esq.
PSEG Energy Resources & Trade
80 Park Plaza, T-19
P.O. Box 570
Newark, NJ 07101

Robert Mennella
Consolidate Edison Energy, Inc.
701 Westchester Avenue
Suite 201 West
White Plains, NY 10604

Randall D. Osteen, Vice President-Counsel
Constellation Energy Commodities Group
Inc.
111 Market Place
Suite 500
Baltimore, MD 21202

Elizabeth A. Sager, VP- Assistant
General Counsel
JCMorgan Chase Bank, N.A.
270 Park Avenue
New York, NY 10017-2014

Ken Salamone
Sempra Energy Trading Corp
58 Commerce Road
Stamford, CT 06902

Steve Sheppard
DTE Energy Trading
414 S. Main Street
Suite 200
Ann Arbor, MI 48104

Noel H. Trask
Exelon Generation Company, LLC
300 Exelon Way
Kennett Square, PA 19348

In the Matter of the Provision of Basic Generation Service and the Compliance Tariff Filing Reflecting Changes to Schedule 12
Charges in PJM Open Access Transmission Tariff- ACE, JCP&L and RECO December 2010 Filing
BPU Docket No. ER10120972

Jessica Wang
FPL Energy Power Marketing, Inc.
700 Universe Blvd. Bldg E
4th Floor
Juno Beach, FL 33408

Matt Webb
BP Energy Company
501 West Lake Park Blvd.
Houston, TX 77079