



Agenda Date: 1/31/18
Agenda Item: 2F

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PROVISION OF)	DECISION AND ORDER
BASIC GENERATION SERVICE AND THE)	APPROVING CHANGES IN FIRM
COMPLIANCE TARIFF FILING REFLECTING)	TRANSMISSION SERVICE RELATED
CHANGES TO SCHEDULE 12 CHARGES IN)	CHARGES
PJM OPEN ACCESS TRANSMISSION TARIFF-)	
OCTOBER 24, 2017 MAIT FILING)	DOCKET NO. ER17101086
)	
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-)	
DECEMBER 8, 2017 MAIT FILING)	DOCKET NO. ER17121279

Parties of Record:

Margaret Comes, Esq., on behalf of Rockland Electric Company
Hesser G. McBride, Esq., on behalf of Public Service Electric & Gas Company
Greg Eisenstark, Esq., Windels Marx Lane & Mittendorf, LLP on behalf of Jersey Central Power & Light Company
Philip J. Passanante, Esq., on behalf of Atlantic City Electric Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On October 24, 2017, Public Service Electric and Gas Company ("PSE&G"), Jersey Central Power & Light Company ("JCP&L"), Rockland Electric Company ("RECO"), and Atlantic City Electric Company ("ACE") (collectively known as the "EDCs") filed a joint petition ("October 2017 MAIT Petition") with the New Jersey Board of Public Utilities ("Board") requesting recovery of Federal Energy Regulatory Commission ("FERC") approved changes in transmission service related charges related to the formula rate filing made by Mid-Atlantic Interstate Transmission, LLC ("MAIT"). Subsequently, on December 8, 2017, the EDCs filed a joint petition ("December 2017 MAIT Petition") related to the annual formula rate update filed by MAIT for 2018.

FERC Proceeding

On October 28, 2016, in Docket No. ER17-217-000, PJM filed with FERC, on behalf of MAIT, for approval of a transmission formula rate template and formula rate protocols in the PJM Interconnection LLC's ("PJM") Open Access Transmission Tariff ("PJM OATT") which sought to establish rates in the Metropolitan Edison Company ("MetEd") and Pennsylvania Electric Company ("Penelec") zones. MAIT was a newly-formed, stand-alone transmission company that had received approval to acquire the FERC-jurisdictional transmission facilities owned by Met-Ed and Penelec. MAIT requested an effective date of December 31, 2016, which was the date MAIT expected to take ownership of the MetEd and Penelec transmission facilities.

On December 28, 2016 FERC Staff issued a deficiency letter on the matter and requested additional information, which was provided by MAIT on January 10, 2017. On March 10, 2017, FERC issued a letter order accepting the MAIT filing, placed the implementation of rates subject to refund, and suspended the filing until July 1, 2017.

On October 13, 2017, MAIT filed an offer of settlement ("MAIT FERC Settlement") concerning the filing. Key provisions of the MAIT FERC Settlement are:

- The template and protocols requested by MAIT would be replaced by template and protocols included in the MAIT FERC Settlement. The template will be implemented on the later of January 1, 2018 or the effective date of the MAIT FERC Settlement while the protocols would go into effect on the effective date of the MAIT FERC Settlement.
- The difference between the rate of the MAIT FERC Settlement template and the current template will be reflected in the MAIT 2018 Annual Transmission Revenue Requirement ("ATRR") filing for 2017 values, and the MAIT 2019 ATRR for 2018 values.

October 2017 Petition

In the October 2017 MAIT Petition, the EDCs' proposed tariff changes in the October 2017 MAIT Petition reflect changes to the Basic Generation Service ("BGS") Residential and Small Commercial Pricing ("BGS-RSCP") and Commercial and Industrial Energy Pricing ("BGS-CIEP") rates to customers resulting from changes in the PJM OATT made in response to the formula rate filing made at FERC under Docket Nos. ER-17-211-000 and ER17-211-001. The EDCs proposed that the requested changes become effective December 1, 2017.

The EDCs also request that BGS suppliers be compensated for the changes to the OATT resulting from the implementation of the MAIT project formula rate related to the October 2017 MAIT Petition, effective on July 1, 2017. The EDCs confirm that suppliers will be compensated subject to the terms and conditions of the applicable Supplier Master Agreements ("SMAs"), and any difference between the payments to BGS-RSCP and BGS-CIEP suppliers and charges to customers will flow through the BGS Reconciliation Charges.

December 2017 Petition

In the December 2017 MAIT Petition, the EDCs proposed tariff changes to the BGS-RSCP and BGS-CIEP customer rates resulting from changes in the PJM OATT made in response to the annual formula rate update filing made at FERC on or about October 13, 2017 under Docket Nos. ER-17-211-000 and ER17-211-001. The EDCs requested that the changes become effective January 1, 2018.

The EDCs also request that BGS suppliers be compensated for the changes to the OATT resulting from the implementation of the MAIT project annual formula updates related to the December 2017 MAIT Petition, effective on January 1, 2018. The EDCs confirm suppliers will be compensated subject to the terms and conditions of the applicable Supplier Master Agreements ("SMAs"), and any difference between the payments to BGS-RSCP and BGS-CIEP suppliers and charges to customers will flow through the BGS Reconciliation Charges.

The EDCs also requested a waiver of the 30-day filing requirement that would otherwise apply to this type of submission, because BGS suppliers will begin paying the revised transmission charges for service in January 2018.

According to the EDCs, the October 2017 MAIT Petition and the December 2017 MAIT Petition satisfy the requirements of paragraph 15.9(a)(i) and (ii) of the BGS-RSCP and BGS-CIEP SMAs, which mandate that BGS-RSCP 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 increase.

The Transmission Enhancement Charges ("TECs") detailed in Schedule 12 of the PJM OATT were implemented to compensate transmission owners for the annual transmission revenue requirements for "Required Transmission Enhancements" that are requested by PJM for reliability or economic purposes. TECs are recovered by PJM through an additional transmission charge in the transmission zones assigned cost responsibility for Required Transmission Enhancement projects.

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 monthly bill for a residential customer using 650 kWh per month will change by approximately the following amounts (including Sales and Use Tax): an increase of \$0.03 or 0.02% for ACE; an increase of \$0.02 or 0.02% for JCP&L; an increase of \$0.02 or 0.02% for PSE&G; and an increase of \$0.01 or 0.01% for Rockland.

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 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 FERC. The SMAs also authorize the EDCs

to adjust the rates paid to suppliers for FERC-approved rates and increases to Firm Transmission Services once approved by the Board. The Board Orders further require that the EDCs review and verify the requested FERC authorized changes.

After review of the verification and supporting documentation, the Board **HEREBY FINDS** that the October 2017 MAIT Petition and December 2017 MAIT Petition satisfy the obligations of the EDCs under paragraphs 15.9(a)(i) and (ii) of the relevant SMAs, and **HEREBY APPROVES** the changes to the retail transmission rates requested in the December 2017 MAIT Petition for transmission charges resulting from the FERC-approved changes to the transmission charges, effective as February 10, 2018. The Board's December 22, 2006 Order¹ at page 12 states,

"Upon receipt of Board approval for the increase in the rates charged to BGS Customers, the EDCs would begin collecting the increase from BGS Customers, tracking that portion of the rates charged to BGS Customers attributable to the rate increase, and retaining such tracked amounts for the ultimate benefit of the BGS Suppliers. Upon approval by the FERC of a proposed rate increase, in a Final FERC Order not subject to refund, the EDCs would increase, by the amount approved by the Board, the BGS-FP auction price paid to BGS-FP Suppliers, and the BGS-CIEP Transmission Charge paid to BGS-CIEP Suppliers, and would pay each BGS Supplier, in proportion to its BGS Supplier Responsibility Share, the amounts tracked and retained for the benefit of BGS Suppliers until the date final FERC approval was received."

Accordingly, the Board **AUTHORIZES** the EDCs to collect from BGS customers, the change in rates associated with the December 2017 MAIT Petition and track such collections until receipt of a Final FERC Order in the matter.

The Board further **HEREBY WAIVES** the 30-day filing requirement as requested by the EDCs in the December 2017 MAIT Petition.

Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings by February 10, 2018. The EDCs are further **DIRECTED** to reflect the reduction in the Sales and Use Tax in their tariff compliance filing.

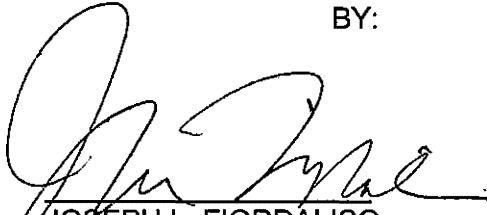
The EDCs' rates remain subject to audit by the Board. This Decision and Order does not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

¹ In re the Provision of Basic Generation Service for the Period Beginning June 1, 2007, BPU Docket No. EO06020119 (December 22, 2006).

The effective date of this Order is February 5, 2018.

DATED: 1/31/18

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



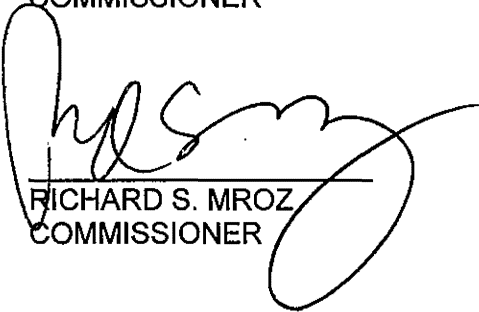
MARY-ANNA HOLDEN
COMMISSIONER



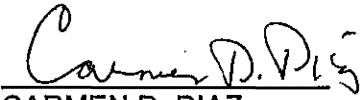
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UPENDRA J. CHIVUKULA
COMMISSIONER



RICHARD S. MROZ
COMMISSIONER

ATTEST: 
CARMEN D. DIAZ
ASSISTANT BOARD SECRETARY

IN THE MATTER OF THE PROVISION OF BASIC GENERATION SERVICE AND THE COMPLIANCE
 TARIFF FILING REFLECTNG CHANGES TO SCHEDULE 12 CHARGES IN PJM OPEN ACCESS
 TRANSMISSION TARIFF- OCTOBER 24, 2017 MAIT FILING
 BPU DOCKET NO. ER17101086

AND

IN THE MATTER OF THE PROVISION OF BASIC GENERATION SERVICE AND THE COMPLIANCE
 TARIFF FILING REFLECTNG CHANGES TO SCHEDULE 12 CHARGES IN PJM OPEN ACCESS
 TRANSMISSION TARIFF-DECEMBER 8, 2017 MAIT FILING
 BPU DOCKET NO. ER17121279

NOTIFICATION LIST

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