



Agenda Date: 3/24/17  
Agenda Item: 2E

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://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 IN
TARIFF – FEBRUARY 24, 2017 FILING	)	FIRM TRANSMISSION
	)	SERVICE RELATED
	)	CHARGES
	)	
	)	DOCKET NO. ER17020163

**Parties of Record:**

**Hesser G. McBride, Esq.**, on behalf of Public Service Electric and Gas Company  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

**BY THE BOARD:**

On February 24, 2017, Public Service Electric and Gas Company, (“PSE&G” or “Company”) filed a 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 (“February 2017 Petition”).

**BACKGROUND AND PROCEDURAL HISTORY**

The Company’s proposed tariff changes reflect changes to the Basic Generation Service (“BGS”) Residential/Small Commercial Pricing (“BGS-RSCP”)<sup>1</sup> and Commercial and Industrial Energy Pricing (“BGS-CIEP”) rates to customers resulting from changes to the PJM Open Access Transmission Tariff (“OATT”). PSE&G filed the petition to update the initial filings made by the New Jersey Electric Distribution Companies (“EDCS”)<sup>2</sup> on December 17, 2015 and May 4, 2016.

<sup>1</sup> This was formerly known as the BGS – Fixed Price or BGS-FP.

<sup>2</sup> Atlantic City Electric Company, Jersey Central Power and Light Company, PSE&G, and Rockland Electric Company.

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 that are assigned cost responsibility for Required Transmission Enhancement projects.

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 the EDCs to begin recovering TECs related to the PSE&G Project.<sup>3</sup>

Pursuant to FERC’s Order, PSE&G is to submit annual updates with respect to the PSE&G Project. PSE&G submitted annual formula rate update compliance filings to FERC in October 2015. Due to cost allocation protests and complaints at FERC, a November 24, 2015 FERC Order suspended the cost allocations of a reconfigured portion of one of PSE&G’s transmission projects through April 25, 2016 (“November 2015 FERC Order”).

Subsequently, in December 2015, the EDCs submitted their annual filing to the Board in response to the annual formula rate update filings made by Potomac-Appalachian Transmission Highline, L.L.C. in FERC Docket No. ER08-386-000, Virginia Electric and Power Company in Docket No. ER-08-92-000 and by PSE&G in Docket No. ER09-1257-000. (“December 2015 Filing”). Pursuant to the November 2015 FERC Order, the EDCs excluded allocation of the costs associated with the reconfigured portion of the PSE&G project referred to above.

By Order dated January 28, 2016, the Board authorized the EDCs to modify their BGS-RSCP and BGS-CIEP rates to reflect the changes in their transmission charges resulting from the FERC-approved changes to the TECs effective as of March 1, 2016.<sup>4</sup> (“January 2016 Order”). The EDCs also received authorization to compensate the BGS suppliers for this transmission rate adjustment(s) subject to the terms and conditions of the Supplier Master Agreements (“SMAs”).

By Order dated April 22, 2016, FERC lifted the suspension initiated by the November 2015 FERC Order and allowed the cost allocations for the reconfigured portion of the PSE&G’s project referred to above to flow through as filed by PSE&G in its October 2015 filing effective as of April 25, 2016. (“April 2016 FERC Order”). By Order dated May 24, 2016, the Board authorized the EDCs to

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<sup>3</sup> In re 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, BPU Docket Nos. EO03050394, EO05040317, EO06020119, and ER07060379, Orders dated December 18, 2008.

<sup>4</sup> In re the Provision of Basic Generation Service and Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff – December 21, 2015 Filing, BPU Docket No. ER15121430, Order dated January 28, 2016 (“January 2016 Order”).

further modify their BGS-RSCP and BGS-CIEP rates to reflect the changes in their transmission charges resulting from the April 2016 FERC Order effective as of June 1, 2016.<sup>5</sup>

On December 9, 2016, FERC issued a Rehearing Order<sup>6</sup> relating to the cost allocation of the Sewaren Regional Transmission Enhancement Project ("Sewaren RTEP Project"). In the Rehearing Order, FERC denied PSE&G's request for a rehearing of the April 2016 FERC Order, affirming FERC's prior determination to re-allocate 100% of the Sewaren RTEP Project costs to customers within the PSE&G zone. The effective date established by FERC for the reallocation of the Sewaren RTEP Project costs was May 2015. However, the Sewaren RTEP Project was not placed into service and rates until January 1, 2016.

### **February 2017 Petition**

As noted earlier, the February 2017 Petition was filed by PSE&G to update the initial filings made by the EDCs December 17, 2015 and May 4, 2016.

In the February 2017 Petition, PSE&G reiterated the requests for approval set forth in the December 2015 and May 2016 Filings, including authorization to compensate BGS suppliers for the changes to the OATT resulting from the implementation of PSE&G project annual formula updates subject to the terms and conditions of the applicable SMAs. Any difference between the payments to BGS suppliers and charges to customers would flow through PSE&G's BGS Reconciliation Charge. PSE&G also requested a waiver of the 30-day filing requirement that would otherwise apply to this type of submission, because BGS suppliers began paying the revised transmission charges for service effective January 1, 2017 pursuant to FERC's Rehearing Order.

According to the February 2017 Petition, while the impact to the reallocation of the Sewaren RTEP Project is already incorporated into the 2017 rates currently in effect it is necessary to implement a rate adjustment to reflect the impact of the reallocation being implemented on January 1, 2016. PSE&G asserts that PJM has already billed suppliers for the 2016 increased charges attributable to the reallocation. PSE&G proposes to collect the 2016 increased charges from BGS customers over a twelve (12) month period. PSE&G further requests that the Company be permitted to pay BGS suppliers consistent with the manner in which they were billed by PJM (i.e., a one-time payment). Based on the reallocation of the costs related to the Sewaren RTEP Project, a monthly bill for a residential PSE&G customer using 650 kWh per month will increase by \$0.20 or about 0.17%. There is no impact on the bills of the other EDCs' customers as a result of this filing.

### **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 charges associated with NITS and other 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 increases or decreases in their transmission charges that have been approved by the FERC. The SMAs also authorize the EDCs to increase or decrease the rates

<sup>5</sup> In re the Provision of Basic Generation Service and Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff – May 4, 2016 Filing, BPU Docket No. ER16050401, Order dated May 25, 2016.

<sup>6</sup> See PJM Interconnection L.L.C., Order Denying Rehearing, Denying Clarification, and Rejecting a Compliance Filing, Docket No. EL14-1485-007, dated December 9, 2016. ("Rehearing Order")

paid to suppliers for FERC-approved rates and changes 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 verifications and supporting documentation, the Board **HEREBY FINDS** that the February 2017 Petition satisfies PSE&G's obligations under Paragraph 15.9 (a)(i) and (ii) of the relevant SMAs, and **HEREBY APPROVES** the changes to the BGS-RSCP and BGS-CIEP rates requested by PSE&G for its transmission charges resulting from the FERC-approved changes to the TECs effective as of May 1, 2017. PSE&G is **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate adjustment(s) as proposed by PSE&G, subject to the terms and conditions of the SMAs. The Board further **HEREBY WAIVES** the 30-day filing requirement as requested by PSE&G.

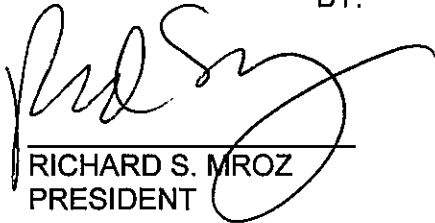
Further, the Board **HEREBY DIRECTS** PSE&G to file tariffs and rates consistent with the Board's findings within five (5) business days of service of this Order.

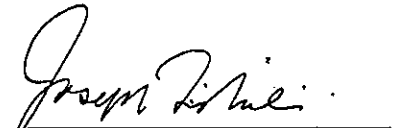
PSE&G's rates remain subject to audit by the Board. This Decision and Order does not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

The effective date of this Order is April 3, 2017.

DATED: 3/24/17


BOARD OF PUBLIC UTILITIES  
BY:


  
RICHARD S. MROZ  
PRESIDENT

  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
MARY-ANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
COMMISSIONER

  
UPENDRA J. CHIVUKULA  
COMMISSIONER

ATTEST:   
IRENE KIM ASBURY  
SECRETARY

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 –  
 February 24, 2017 Filing  
 BPU Docket No. ER17020163

**SERVICE LIST**

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