



Agenda Date: 5/25/16  
Agenda Item: 2C

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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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 – MAY 4, 2016 FILING	)	IN FIRM TRANSMISSION
	)	SERVICE RELATED
	)	CHARGES
	)	
	)	DOCKET NO. ER16050401

(NOTIFICATION LIST ATTACHED)

APPEARANCES:

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**Phil Passanante, Esq.**, on behalf of Atlantic City Electric Company  
**Gregory Eisenstark, Esq.**, (Windels Marx Lane & Mittendorf, LLP) on behalf of Jersey Central Power & Light Company  
**John L. Carley, Esq.**, on behalf of Rockland Electric Company  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On May 4, 2016, Atlantic City Electric Company (“ACE”), Jersey Central Power & Light Company (“JCP&L”), Public Service Electric and Gas Company, (“PSE&G”) and Rockland Electric Company (“Rockland”) (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. (“May 2016 Petition”)

BACKGROUND AND PROCEDURAL HISTORY

The EDCs’ 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

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

Transmission Tariff ("OATT") made in response to the annual formula rate update filing made by PSE&G in FERC Docket No. ER08-1233.

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.

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>2</sup>

Pursuant to FERC's Order, PSE&G is to submit annual updates with respect to the PSE&G Project. PSE&G submitted its annual formula rate update compliance filings to FERC in October 2015. Due to cost allocation protests and complaints at FERC regarding the PSE&G Project, a November 24, 2015 FERC Order suspended the cost allocations of a reconfigured portion of one of the PSE&G 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. ("PATH") in FERC Docket No. ER08-386-000, Virginia Electric and Power Company ("VEPCo") 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 one of PSE&G's projects.

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>3</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").

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<sup>2</sup> 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 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>3</sup> 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 – December 21, 2015 Filing, BPU Docket No. ER15121430, Order dated January 28, 2016. ("January 2016 Order")

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 one of PSE&G's projects to flow through as filed by PSE&G in its October 2015 filing effective as of April 25, 2016. ("April 2016 FERC Order").

### **May 2016 Petition**

The May 2016 Petition was filed to update the initial filing approved by the Board in the January 2016 Order to reflect FERC's April 2016 Order.<sup>4</sup>

In the May 2016 Petition, the EDCs reiterated the requests for approval set forth in the December 2015 Filing, 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 each EDC's BGS Reconciliation Charge. The EDCs 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 April 25, 2016 pursuant to the April 22 FERC Order.

Each EDC is allocated a different portion of PSE&G's transmission costs from PJM based on the cost for Required Transmission Enhancements in each EDC's transmission zone. Based on this allocation of the TEC costs for the EDCs and their respective allocation among each EDC's customer 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 \$0.02 or 0.02% for ACE; an increase of \$0.01 or 0.01% for JCP&L; a decrease of \$0.50 or 0.43% for PSE&G, and an increase of \$0.03 or 0.03% for Rockland.

### **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 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 May 2016 Petition satisfies the EDCs' 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 each EDC for its transmission charges resulting from the FERC-approved changes to the TECs effective as of June 1, 2016. The EDCs are **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate adjustment(s) subject to the terms and conditions of the SMAs. The Board further **HEREBY WAIVES** the 30-day filing requirement as requested by the EDCs.

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<sup>4</sup> The May 2016 Petition only relates to an update with respect to the PSE&G project.

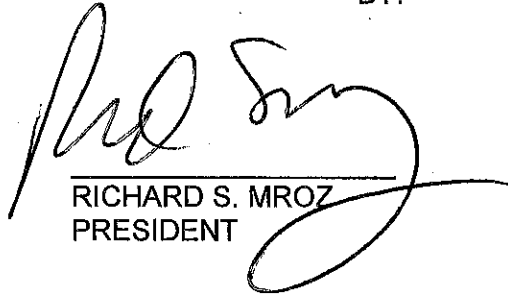
Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings within five (5) business days of service of this Order.

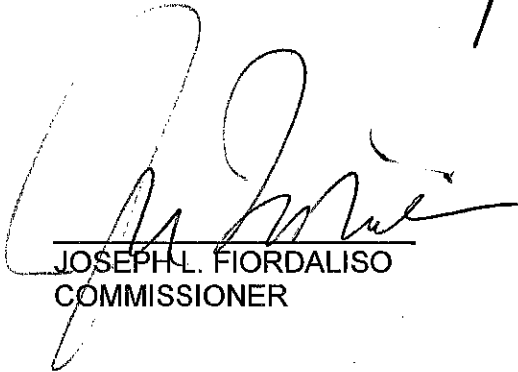
The EDCs rates remain subject to audit by the Board. This Decision and Order does not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

The effective date of this Order is June 1, 2016.

DATED: *May 25, 2016*

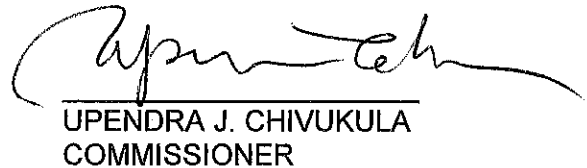
BOARD OF PUBLIC UTILITIES  
BY:

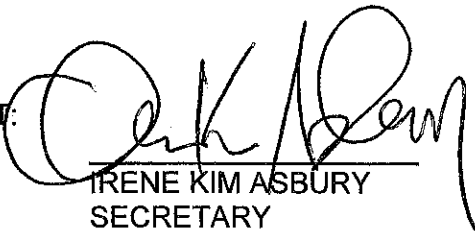
  
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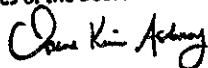
  
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IRENE KIM ASBURY  
SECRETARY

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



**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 – MAY 4, 2016 FILING - BPU DOCKET NO.  
ER16050401**

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