



STATE OF NEW JERSEY
Board of Public Utilities
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Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

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 JOINT FILING)
)
) DECISION AND ORDER APPROVING
) THE PASS-THROUGH OF FERC
) AUTHORIZED CHANGES IN FIRM
) TRANSMISSION SERVICE RELATED
) CHARGES
)
) DOCKET NO. ER17121278

Parties of Record:

Hesser McBride, Esq., on behalf of Public Service Electric and Gas Company
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 December 8, 2017, 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 (“December 2017 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 revisions reflect changes to the Basic Generation Service (“BGS”) Residential/Small Commercial Pricing (“BGS-RSCP”) ¹ and Commercial and Industrial Energy Pricing (“BGS-CIEP”) rates to customers resulting from changes to the PJM Open Access Transmission Tariff (“OATT”) made in response to: (i) the annual formula rate update filing made by Potomac-Appalachian Transmission Highline, L.L.C. (“PATH”) in FERC Docket No. ER-08-386-000; (ii) the annual formula rate update filing made by PSE&G in FERC Docket No. ER09-1257-000; (iii) the annual formula rate update filing made by Virginia Electric Power Company (“VEPCo”) in FERC Docket No. ER08-92-000; and (iv) American Electric Power East Operating Companies and American Electric Power Transmission Companies (“AEP”) in FERC

¹ This was formerly known as the BGS – Fixed Price or BGS-FP.

Docket No. ER17-405-000. The EDCs requested that the revisions become effective on January 1, 2018.

The EDCs also requested authorization to compensate BGS suppliers for the changes to the OATT resulting from the implementation of the PATH, PSE&G, VEPCo, and AEP project annual formula updates subject to the terms and conditions of the applicable Supplier Master Agreement(s) ("SMAs"). Any difference between the payments to BGS suppliers and charges to customers would flow through each EDC's BGS Reconciliation Charge.

In the December 2017 Petition, 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.

The EDC's updated the December 2017 Petition on January 12, 2018 ("January 2018 Update") in order to incorporate PSE&G's 2018 Formula Rate Annual Update filing with FERC (filed on January 9, 2018), which reflected the reduction in the federal corporate income tax rate pursuant the Tax Cuts and Jobs Act of 2017.

According to the EDCs, this filing satisfies the requirements of Paragraph 15.9(a)(i) and (ii) of the BGS-RSCP and BGS-CIEP SMAs. The requirements mandate that: 1.) BGS-RSCP and BGS-CIEP suppliers be notified of rate changes for firm transmission service; and 2.) that the EDCs file for and obtain Board approval of an increase or decrease in retail rates commensurate with the FERC-implemented rate increases and decreases.

PJM mandates transmission owners to abide by its annual requirements for "Required Transmission Enhancements" for reliability or economic purposes. The Transmission Enhancement Charges ("TECs"), detailed in Schedule 12 of the PJM OATT, were therefore implemented to compensate transmission owners for these requirements. TECs are recovered by PJM through an additional transmission charge in the transmission zones assigned costs responsibility for Required Transmission Enhancement projects.

On March 10, 2017, in Docket No. ER17-405-000 ("AEP Order"), FERC issued an Order, effective January 1, 2017 which authorized AEP's Formula Rate transition from "historic" to "forward looking." On April 25, 2017, in Docket Nos. ER17-950-000 and ER17-940-001 ("ConEd Wheel Order"), FERC issued an Order that modified the PJM OATT as a result of the termination of a long-term firm point-to-point transmission service agreement between PJM and Consolidated Edison Company of New York, Inc. (the "ConEd Wheel"). The Board approved recovery of the AEP and ConEd Wheel transmission charges in an Order dated July 26, 2017 with the provision that the EDCs collect and track these charges but not issue payment to the BGS Suppliers until a final FERC order is issued.²

Each EDC is allocated a different portion of VEPCo's, PSE&G's, AEP's and PATH's transmission costs from PJM based on the cost for Required Transmission Enhancements in each EDC's transmission zone, which are found in Schedule 12 of the PJM OATT. 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): a decrease

² 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 12, 2017 Filing, BPU Docket No. ER17050499 (July 26, 2017).

of \$0.08 or 0.07% for ACE; a decrease of \$0.21 or 0.23% for JCP&L; a decrease of \$0.38 or 0.34% for PSE&G, and a decrease of \$0.16 or 0.14% for Rockland.

DISCUSSION AND FINDING

In the Board's Order dated December 2, 2003, 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 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 December 2017 Petition, as modified by the January 2018 Update 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 February 10, 2018. However, with respect to the reallocations derived from the ConEd Wheel Order and the AEP Order, as noted in the Board's July 2017 Order, these Orders are not Final FERC Orders, and are still being contested at FERC. The Board's December 22, 2006 Order 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, with respect to the allocations resulting from the ConEd Wheel Order and AEP Order, the Board **AUTHORIZES** the EDCs to collect from BGS customers, the costs associated with the reallocation per the ConEd Wheel Order and AEP Order and to track such collections until receipt of Final FERC Orders are issued in the matter. For the remaining TEC changes, the EDCs are **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate change subject to the terms and conditions of the SMAs.

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

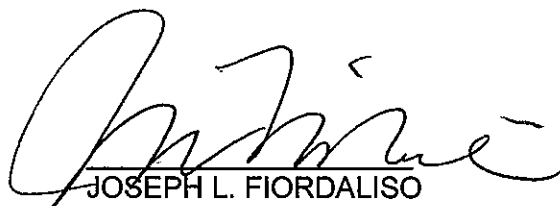
Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings prior to February 10, 2018.

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 February 5, 2018.

DATED: 1/31/18

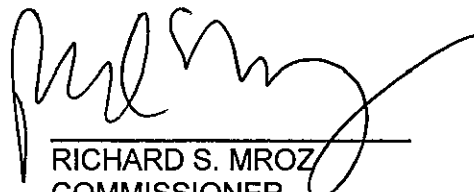
BOARD OF PUBLIC UTILITIES
BY:

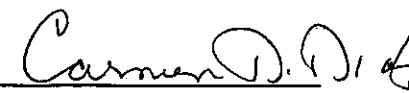

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MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER


RICHARD S. MROZ
COMMISSIONER

ATTEST: 
CARMEN D. DIAZ
ASSISTANT BOARD 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 THE
 COMPLIANCE TARIFF FILING REFLECTING CHANGES TO SCHEDULE 12 CHARGES IN
 PJM OPEN ACCESS TRANSMISSION TARIFF- DECEMBER 8, 2017 JOINT FILING
 BPU Docket No. ER17121278

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