



Agenda Date: 1/25/17
Agenda Item: 2C

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

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| 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 – DECEMBER 9, 2016 FILING |) | FIRM TRANSMISSION |
| |) | SERVICE RELATED |
| |) | CHARGES |
| |) | |
| |) | DOCKET NO. ER16121153 |

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 9, 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.

The EDC’s proposed tariff changes 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.

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

ER-08-386-000; (ii) the annual formula rate update filing made by PSE&G in FERC Docket No. ER09-1257-000; and (iii) the annual formula rate update filing made by Virginia Electric Power Company ("VEPCo") in FERC Docket No. ER08-92-000. The EDCs requested that the changes become effective on January 1, 2017.

The EDCs also requested authorization to compensate BGS suppliers for the changes to the OATT resulting from the implementation of the PATH, PSE&G, and VEPCo 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.

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, which mandate that BGS-RSCP and BGS-CIEP suppliers be notified of rate changes for firm transmission service, and 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.

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 costs responsibility for Required Transmission Enhancement projects.

On February 28, 2008, FERC approved the PATH filings and accepted the tariffs for filing. On April 16, 2008, the EDCs 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 filed a joint petition requesting recovery of the allocated VEPCo firm transmission service related charges. By Board Orders dated September 15, 2008, the EDCs received approval from the Board to begin allocating TECs related to the VEPCo and PATH projects.²

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

² 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 September 15, 2008.

customers. On December 18, 2008, the Board authorized the EDCs to begin recovering TECs related to the PSE&G Project.³

Pursuant to FERC's Orders, VEPCo, PATH, and PSE&G submitted their formula rate update compliance filings with FERC.

Each EDC is allocated a different portion of VEPCO's, PSE&G's, and PATH'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 \$0.05 or 0.04% for ACE; a decrease of \$0.20 or 0.2% for JCP&L; a decrease of \$0.17 or 0.15% for PSE&G, and a decrease of \$1.46 or 1.25% 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 December 9, 2016 filing 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 1, 2017.. 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.

Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings prior to February 1, 2017.

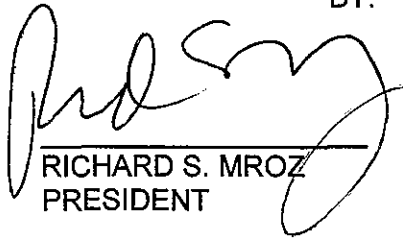
³ In the Matter of the Provision of Basic Generation Service for Year Two of the Post Transition Period and In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2006 and In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 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.

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 January 25, 2017.

DATED: 1/25/17

BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT



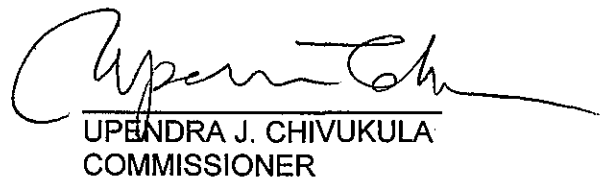
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COMMISSIONER



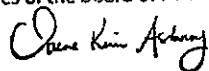
DIANNE SOLOMON
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UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
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 –
 December 9, 2016 Filing
 BPU Docket No. ER16121153

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