



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**www.nj.gov/bpu**

ENERGY

- |   |   |                              |
|---|---|------------------------------|
| IN THE MATTER OF THE PROVISION OF<br>BASIC GENERATION SERVICE FOR YEAR<br>TWO OF THE POST TRANSITION PERIOD | ) | DECISION AND ORDER           |
|   | ) | APPROVING THE PASS-          |
|   | ) | THROUGH OF FERC              |
|   | ) | AUTHORIZED CHANGES IN        |
| IN THE MATTER OF THE PROVISION OF<br>BASIC GENERATION SERVICE FOR THE<br>PERIOD BEGINNING JUNE 1, 2006      | ) | FIRM TRANSMISSION            |
|   | ) | SERVICE RELATED              |
|   | ) | CHARGES – NOVEMBER 20 FILING |
| IN THE MATTER OF THE PROVISION OF<br>BASIC GENERATION SERVICE FOR THE<br>PERIOD BEGINNING JUNE 1, 2007      | ) |                              |
| IN THE MATTER OF THE PROVISION OF<br>BASIC GENERATION SERVICE FOR THE<br>PERIOD BEGINNING JUNE 1, 2008      | ) | DOCKET NOS. EO03050394,      |
|   | ) | EO05040317, EO06020119 &     |
|   | ) | ER07060379                   |

(SERVICE LIST ATTACHED)

BY THE BOARD:

On November 20, 2008, Atlantic City Electric Company (“ACE”), Jersey Central Power and Light Company (“JCP&L”), and Rockland Electric Company (“RECO”) (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 EDCs’ proposed tariff changes reflect increases to the Basic Generation Service (“BGS”) Fixed Price (“BGS-FP”) and Commercial and Industrial Energy Pricing (“BGS-CIEP”) rates to customers resulting from changes in the PJM Open Access Transmission Tariff (“OATT”) made in response to a revised formula rate filing by Potomac-Appalachian Transmission Highline, L.L.C. (“PATH”) in FERC Docket No. ER08-383-000; a revised formula rate filing by Virginia Electric and Power Company (“VEPCo”) in FERC Docket Nos. ER08-92-000 through ER-08-92-005; and the approval of a formula rate filing made by Public Service Electric and Gas Company (“PSE&G”) in connection with FERC Docket No. ER08-1233. The EDCs requested that the changes become effective on January 1, 2009, or in the alternative, that the rates be compressed or expanded to reflect any differences in the timing of the recovery period.

The EDCs are also requesting that the BGS suppliers be compensated for this increase, subject to terms and conditions of the applicable Supplier Master Agreements (“SMAs”). Any difference between the payments to BGS suppliers and charges to customers would flow through each EDC’s BGS Reconciliation Charge.

The EDCs stated that this filing satisfies the requirements of paragraph 15.9(a) (i) and (ii) of the BGS-FP and BGS-CIEP SMAs, which mandate that BGS-FP and BGS-CIEP suppliers be notified of rate increases for firm transmission service, and that the EDCs file for and obtain Board approval of an increase in retail rates commensurate with the FERC-implemented rate increase.

The specific Schedule 12 charges, referred to as Transmission Enhancement Charges (“TECs”), were implemented to compensate transmission owners for the annual transmission revenue requirements for “Required Transmission Enhancements” (as defined in the PJM OATT) that are requested by PJM for reliability or economic purposes. The costs of TECs are recovered by PJM according to an assigned cost responsibility through an additional transmission charge assessed in the affected transmission zones.

On February 28, 2008, FERC approved the PATH filings, and accepted the tariffs for filing. On April 16, 2008, the EDCs, along with PSE&G, 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, along with PSE&G, requesting recovery of the allocated VEPCo firm transmission service related charges. By Board Orders dated September 15, 2008, the EDCs (along with PSE&G) received approval from the Board to begin allocating TECs related to the VEPCo and PATH projects.<sup>1</sup> Pursuant to FERC’s Order, PATH and VEPCo submitted their formula rate update compliance filings with FERC on September 2, 2008 and September 12, 2008, respectively.

On September 30, 2008, the 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. 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, PSE&G filed its updated formula rate with the FERC.

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 additional VEPCo and PATH transmission costs, as well as the new PSE&G transmission costs, among the service classes in accordance with each EDC’s tariff, a residential customer will see the following BGS rate increase per utility (including Sales and Use Tax (“SUT”)): ACE \$0.000321 per kWh; JCP&L \$0.00114 per kWh; and RECO \$0.00098 per kWh.

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<sup>1</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 Year Three 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, BPU Docket Nos. E003050394, EO04040288, EO05040317, and EO06020119, Order dated September 12, 2008.

DISCUSSION AND FINDINGS

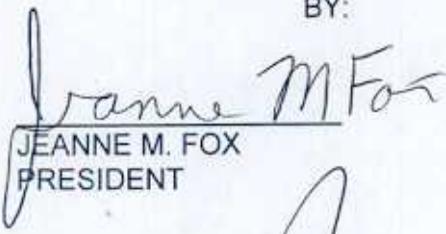
In the Board's Order dated December 2, 2003, in Docket No. EO03050394, the Board found that the pass through of any changes in the NITS charge, and other charges associated with the FERC-approved Open Access Transmission Tariff, is appropriate. Furthermore, by subsequent Orders, the Board approved Section 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 the rates paid to suppliers for FERC-approved rates and increases to Firm Transmission Services once approved by the Board. The Board Orders further required that the EDCs review and verify the requested FERC authorized increases.

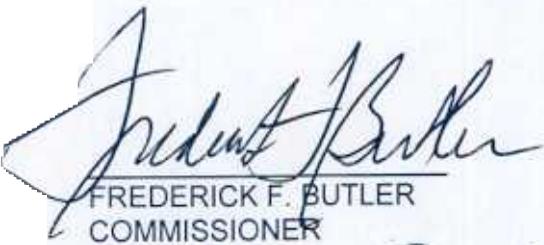
After review of the verifications and supporting documentation, the Board **HEREBY APPROVES** the increase to the BGS-FP and BGS-CIEP rates requested by each EDC for its increased transmission charges resulting from the FERC-approved changes to the TECs effective for service on or after January 1, 2009. The Board has reviewed the request of the EDCs' to compress or expand the rates based on the timing of the Board's approval of these charges. However, since the Board has approved the rates to be effective on the date requested by the EDCs, there is no need for the EDCs to compress or expand the rates. The EDCs are **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate increase subject to the terms and conditions of the SMAs.

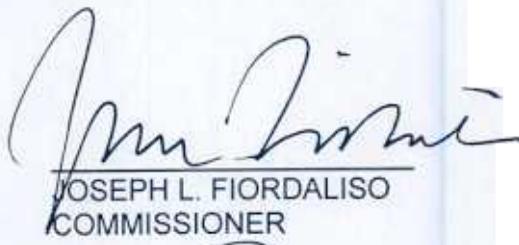
Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings within five (5) business days of this Board Order.

DATED: 12/18/08

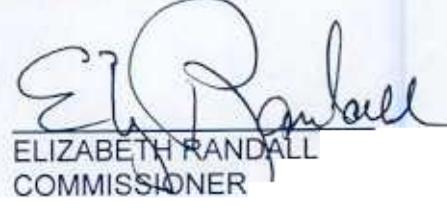
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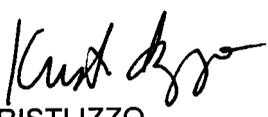
  
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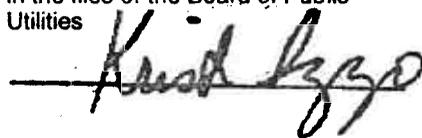
  
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ATTEST:  
  
KRISTI IZZO  
SECRETARY

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


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BPU Docket Nos. EO03050394, EO05040317, EO06020119, AND ER07060379

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