



Agenda Date: 09/12/08
Agenda Item: 2A-1

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 BASIC)	DECISION AND ORDER
GENERATION SERVICE FOR YEAR TWO OF THE)	APPROVING THE PASS-
POST TRANSITION PERIOD)	THROUGH OF FERC
	AUTHORIZED CHANGES IN
IN THE MATTER OF THE PROVISION OF BASIC)	FIRM TRANSMISSION
GENERATION SERVICE FOR THE PERIOD BEGINNING)	SERVICE RELATED
JUNE 1, 2006)	CHARGES – April 16, 2008 Filing
IN THE MATTER OF THE PROVISION OF BASIC)	DOCKET NOS. EO03050394,
GENERATION SERVICE FOR THE PERIOD BEGINNING)	EO05040317, EO06020119, AND
JUNE 1, 2007)	ER07060379
IN THE MATTER OF THE PROVISION OF BASIC)	
GENERATION SERVICE FOR THE PERIOD BEGINNING)	
JUNE 1, 2008)	

(SERVICE LIST ATTACHED)

BY THE BOARD:

On April 16, 2008, Atlantic City Electric Company ("ACE"), Jersey Central Power and Light Company ("JCP&L"), Public Service Electric and Gas Company ("PSE&G"), and Rockland Electric Company ("RECO") (collectively, the "EDCs") filed a joint petition with the New Jersey Board of Public Utilities ("BPU") requesting recovery of Federal Energy Regulatory Commission ("FERC") approved changes in firm transmission service related charges.

Attached to the petition are copies of tariff sheets proposed by each of the EDCs and revised to reflect changes to the PJM Open Access Transmission Tariff ("OATT") made in response to a filing made by Potomac-Appalachian Transmission Highline, L.L.C. ("PATH") in FERC Docket No. ER08-386-000. The proposed tariffs specifically reflect additional PJM transmission charges or Transmission Enhancement Charges ("TECs") to Basic Generation service ("BGS") Fixed Price ("BGS-FP") and Commercial and Industrial Energy Pricing ("BGS-CIEP") rates to customers resulting from the PATH filings that were approved by FERC on February 29, 2008.

The EDCs stated that the BGS rates had been modified in accordance with the Board-approved methodology contained in each of the EDC's company-specific Addenda in the above-referenced BGS proceedings and in conformance with each of the EDC's Board-approved BGS tariff sheets. The EDCs requested approval to implement their revised tariff rates effective as of

June 1, 2008. In the event the Board approve the implementation of these tariffs subsequent to June 1, 2008, the EDCs requested authority to compress the resulting rates to recover the TECs costs over the number of months remaining in 2008.

The EDCs also request that the BGS suppliers be compensated for the increases caused by these changes, subject to the terms and conditions of the applicable Supplier Master Agreements ("SMAs") and that any difference between the payments to BGS suppliers and charges to customers flow through each EDC's BGS Reconciliation Charge.

Also, since it is expected that the FERC-approved TEC for the PATH project will change each year in January and may also change from time to time, the EDCs further request Board approval to submit compliance tariff sheets as required to implement any subsequent FERC-approved changes to the TECs resulting from the PATH project without having to seek prior Board approval.

The EDCs state 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.

Background

The specific additional PJM transmission charges related to the PATH filings, referred to as TECs, are found in Schedule 12 of the PJM OATT and were implemented to compensate transmission owners for the annual transmission revenue requirements of "Required Transmission Enhancements" (as defined in the PJM OATT) 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.

The EDCs state that the determinants for calculation of the PJM charges are set forth in Schedule 12 of the PJM OATT and on the Formula Rates page of the PJM website. The cost impact for the 2008/2009 period for each of the EDCs were allocated to the various transmission zones using the cost information from the formula rates for the PATH project posted on the PJM website.

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. As such, if the rates had been implemented on June 1, 2008, a residential customer would have seen the following BGS rate increase per month per utility (including Sales and Use Tax ("SUT")): ACE \$0.000061 per kWh; JCP&L \$0.000058 per kWh; PSE&G \$0.0000642 per kWh ; RECO \$0.00005 per kWh.

DISCUSSION AND FINDINGS

In its Order dated December 2, 2003, in Docket No. EO03050394, the Board authorized the EDCs to recover FERC-approved changes in firm transmission service-related charges and found that the pass through of any changes in the network integration transmission 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 associated SMAs also authorized the EDCs to increase the rates paid to BGS suppliers for FERC-approved rates and increases to Firm Transmission Services. The Board further required that the EDCs review and verify the requested FERC authorized increases prior to any pass through to BGS customers.

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 on or after October 1, 2008. The Board **FURTHER APPROVES** the EDCs' request to compress the rates to reflect the implementation date of these changes. The average increase in BGS rates, after compression, for residential customers in each utility's service territory is approximately 0.12%. The EDCs are **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate increase subject to the terms and conditions of the SMAs.

In addition, the Board **HEREBY DENIES** the EDCs' request that any subsequent FERC approved changes to the TECs resulting from the PATH project, be implemented through submission of compliance tariff sheets. The EDCs must continue to file for approval by the Board of the amount of any proposed pass through to BGS customers of any FERC-approved changes to Schedule 12, after review and verification by the EDCs.

Further, the Board **HEREBY DIRECTS** the EDCs to file revised tariffs and rates consistent with the Board's approval of an October 1, 2008 implementation date and resulting compressed rates within five (5) business days of the date of this Order.

DATED: 9/15/08

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

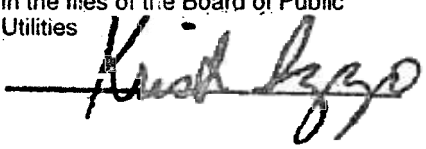

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

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



In the Matter 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, 1007 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

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