Agenda Date: 09/13/12 Agenda Item: 2C



STATE OF NEW JERSEY

Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, NJ 08625-0350 <u>www.nj.gov/bpu</u>

		ENERGY
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 – JCP&L, PSE&G AND ROCKLAND))))))	DECISION AND ORDER APPROVING THE PASS- THROUGH OF FERC AUTHORIZED CHANGES II FIRM TRANSMISSION SERVICE RELATED CHARGES DOCKET NO. ER12060552

Parties of Record:

Mally Becker, Esq., on behalf of Public Service Electric and Gas Company
Marc B. Lasky, Esq., (Morgan, Lewis & Bockius LLP) on behalf of Jersey Central Power and
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 June 18, 2012, Jersey Central Power and Light Company ("JCP&L"), Public Service Electric & 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 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 (i) the annual formula rate update filings made by PPL Electric Utilities Corporation ("PPL") in FERC Docket No. ER09-1148, by American Electric Power Service Corporation ("AEP") in FERC Docket No. ER08-1329, and by Tran-Allegheny Interstate Line Company ("TrAILCo") in FERC Docket No. ER07-562, and (ii) the formula rate update filings made by the public utility affiliates of Pepco Holdings Inc. ("PHI") in FERC Docket No. ER08-1423 and the respective utility affiliate compliance flings for formula rate updates made by Atlantic City Electric Company ("ACE") in FERC Docket No. ER09-1156, Delmarva Power and

Light ("Delmarva") in FERC Docket No. ER09-1158, and Potomac Electric Power Company ("PEPCO") in FERC Docket No. ER09-1159. The filings referred to in (i) and (ii) above are collectively referred to as the "Filings".

The EDCs also requested that the BGS suppliers be compensated for the changes to the OATT resulting from the implementation of the updates to formula rates effective June 1 and July 1, 2012. The EDCs represent that suppliers will be compensated subject to the terms and conditions of the applicable Supplier Master Agreements ("SMAs").

According to the EDCs, 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 for an increase in retail rates commensurate with the FERC-implemented rate increase.

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.

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 Filings' transmission costs among the service classes, the annual bill for a residential customer using 650 kWh per month will increase by approximately the following amounts (including Sales and Use Tax): \$1.59 or 0.14% for JCP&L; \$1.19 or 0.08% for PSE&G; and \$0.00 or 0.00% 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 the network integration transmission charge, and other charges associated with the FERC-approved OATT, 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 the rates paid to suppliers for FERC-approved rates and increases to Firm Transmission Services once approved by the Board. The Board Orders further require that the EDCs review and verify the requested FERC authorized increases.

After review of the verifications and supporting documentation, the Board <u>HEREBY FINDS</u> that the June 18, 2012 filing satisfies the EDCs' obligations under paragraph 15.9 (a) (i) and (ii) of the relevant SMAs, and <u>HEREBY APPROVES</u> 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 October 1, 2012. The EDCs are <u>HEREBY ORDERED</u> to compensate the BGS suppliers for this transmission rate increase subject to the terms and conditions of the SMAs.

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

DATED: 9/13/12

BOARD OF PUBLIC UTILITIES BY:

ROBERT M. HANNA

PRESIDENT

EANNE M. FOX OMMISSIONER

NICHOLAS ASSELTA COMMISSIONER

ATTEST:

KRISTI IZZO SECRETARY JOSÉPH L. FIORDALISO COMMISSIONER

. . .

MARY/ANNA HOLDEN

COMMISSIONER

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

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- JCP&L, PSE&G, AND ROCKLAND JUNE 15, 2012 FILING BPU Docket No. ER12060552

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