



Agenda Date: 2/19/2014

Agenda Item: 2E

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

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 FIRM
TARIFF – DECEMBER 20, 2013 FILING & JANUARY	)	TRANSMISSION SERVICE
24, 2014 UPDATE	)	RELATED CHARGES
	)	
	)	BPU DOCKET NO. ER13121205

**Parties of Record:**

**Mally Becker, Esq.**, Public Service Electric and Gas Company  
**Phil Passanante, Esq.** Atlantic City Electric Company  
**Greg Eisenstark, Esq. Morgan, Lewis & Bockius LLP** Jersey Central Power & Light Company  
**John L. Carley, Esq.** Rockland Electric Company  
**Stefanie A. Brand, Esq., Director**, New Jersey Division of Rate Counsel

**BY THE BOARD:**

On December 20, 2013, 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 EDCs’ proposed tariff changes reflect changes to the Basic Generation Service (“BGS”) Fixed Price (“BGS-FP”) 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 Virginia Electric Power Company (“VEPCo”) in FERC Docket No. ER08-92-000 and (iii) the annual formula rate update filing made by PSE&G in FERC Docket No. ER09-1257-000 (updated FERC Dkt No. ER14-621-000). The EDCs requested that the changes become effective on January 1, 2014.

However, on January 24, 2014, the EDCs filed an amended petition with updated tariff changes. In this update, the EDCs requested that the rates requested in the petition as revised be approved at the Board’s February 19, 2014 open agenda meeting.

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-FP and BGS-CIEP SMAs, which mandate that BGS-FP 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 cost 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 Order dated September 15, 2008, the EDCs received approval from the Board to begin allocating TECs related to the VEPCo and PATH projects. Pursuant to FERC's Order, VEPCo and PATH submitted their formula rate update compliance filings with FERC.

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

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 \$0.10 or 0.9% for ACE; a decrease of \$0.05 or 0.00% for JCP&L; an increase of \$1.26 or 1.06% for PSE&G, and an increase of \$1.37 or 1.28% 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 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 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 20, 2013 and the updated January 24, 2014 filings satisfy the EDCs' obligations under Paragraph 15.9 (a)(i) and (ii) of the relevant SMAs, and **HEREBY APPROVES** the changes to the BGS-FP and BGS-CIEP rates requested by each EDC for its revised transmission charges resulting from the FERC-approved changes to the TECs effective as of the date of service of this Board Order. The EDCs are **HEREBY ORDERED** to compensate the BGS suppliers as needed for this transmission rate change 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 the effective date of this Order.

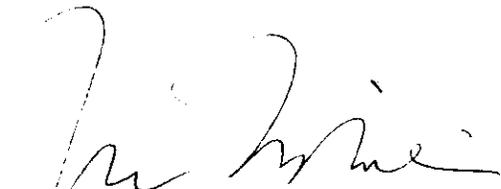
The effective date of this Order is March 3, 2014.

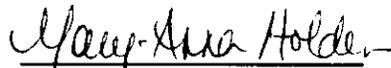
DATED: 2/19/14

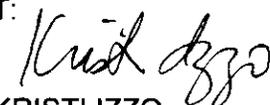
BOARD OF PUBLIC UTILITIES  
BY:

  
DIANNE SOLOMON  
PRESIDENT

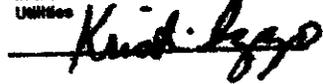
  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
MARY-ANNA HOLDEN  
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 the Provision of Basic Generation Service and Compliance Tariff Filing  
 Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff –  
 December 20, 2013 Filing  
 BPU Docket No. ER13121205

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