



Agenda Date: 2/28/18
Agenda Item: 2E

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

IN THE MATTER OF THE PROVISION OF)
BASIC GENERATION SERVICE AND THE)
COMPLIANCE TARIFF FILING REFLECTING)
CHANGES TO SCHEDULE 12 CHARGES IN)
PJM OPEN ACCESS TRANSMISSION TARIFF-)
DECEMBER 20, 2017 JOINT FILING)
)
) DOCKET NO. ER17121310

Parties of Record:

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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 21, 2017, 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 ("December 2017 PECO Petition") with the New Jersey Board of Public Utilities ("Board") requesting recovery of Federal Energy Regulatory Commission ("FERC") approved changes in transmission service related charges.

FERC Proceeding

On May 1, 2017, in FERC Docket No. ER17-1519-000, PJM Interconnection, LLC ("PJM") filed with FERC, on behalf of PECO Energy Company ("PECO") for approval of a transmission formula rate template and formula rate protocols in the PJM Open Access Transmission Tariff ("OATT"). PECO previously had a stated rate and sought authorization to move to a forward-looking formula rate under the PJM tariff. PECO requested an effective date of the proposed

tariff revisions of July 1, 2017. On June 27, 2017, FERC issued a letter order accepting PECO's filing, subject to refund, effective December 1, 2017.

December 2017 Petition

In the December 2017 PECO Petition, the EDCs proposed tariff changes to the Basic Generation Service ("BGS") Residential and Small Commercial Pricing ("BGS-RSCP") and Commercial and Industrial Energy Pricing ("BGS-CIEP") rates to customers resulting from changes in the PJM OATT made in response to the formula rate filing made by PECO Energy Company in FERC Docket No. ER17-1519-000. The EDCs requested that the changes become effective on January 1, 2018.

The 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.

The EDCs also requested that BGS suppliers be compensated for the changes to the OATT resulting from the implementation of the PECO formula rate effective on December 1, 2017. The EDCs confirm that the suppliers will be compensated subject to the terms and conditions of the applicable Supplier Master Agreements ("SMAs"), and any difference between the payments to BGS-RSCP and BGS-CIEP suppliers and charges to customers will flow through the BGS Reconciliation Charges.

According to the EDCs, the December 2017 PECO Petition 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 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.

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 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 increase by approximately the following amounts (including Sales and Use Tax): \$0.13 or 0.11% for ACE; \$0.03 or 0.03% for JCP&L; \$0.04 or 0.04% for PSE&G, and \$0.03 or 0.03% for Rockland.¹

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 paragraph 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

¹ Bill impacts are based on rates in effect as of January 1, 2018.

to adjust 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 changes.

After review of the verifications and supporting documentation, the Board **HEREBY FINDS** that the December 2017 PECO Petition 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 in the December 2017 PECO Petition by each EDC for its transmission charges resulting from the FERC-approved changes effective as of April 1, 2018. The Board's December 22, 2006 Order² at page 12 states,

"Upon receipt of Board approval for the increase in the rates charged to BGS Customers, the EDCs would begin collecting the increase from BGS Customers, tracking that portion of the rates charged to BGS Customers attributable to the rate increase, and retaining such tracked amounts for the ultimate benefit of the BGS Suppliers. Upon approval by the FERC of a proposed rate increase, in a Final FERC Order not subject to refund, the EDCs would increase, by the amount approved by the Board, the BGS-FP auction price paid to BGS-FP Suppliers, and the BGS-CIEP Transmission Charge paid to BGS-CIEP Suppliers, and would pay each BGS Supplier, in proportion to its BGS Supplier Responsibility Share, the amounts tracked and retained for the benefit of BGS Suppliers until the date final FERC approval was received."

Accordingly, the Board **AUTHORIZES** the EDCs to collect from BGS customers, the change in rates associated with the December 2017 PECO Petition and track such collections until receipt of a Final FERC Order in the matter.

Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board's findings by April 1, 2018.

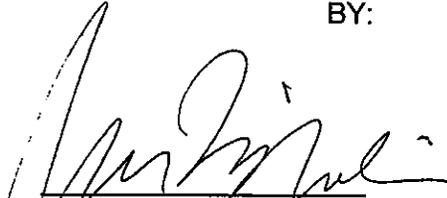
The EDCs' rates remain subject to audit by the Board. This Decision and Order does not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

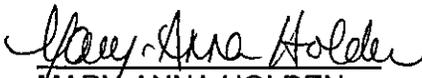
² In re the Provision of Basic Generation Service for the Period Beginning June 1, 2007, BPU Docket No. EO06020119 (December 22, 2006).

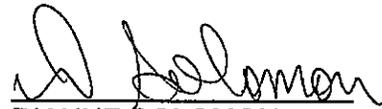
The effective date of this Order is March 10, 2018.

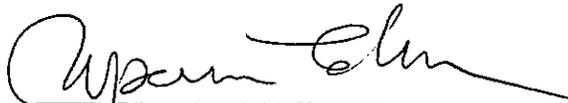
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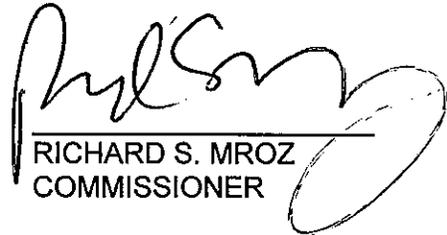
BOARD OF PUBLIC UTILITIES
BY:

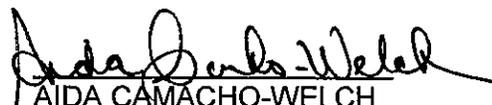

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COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
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 THE
 COMPLIANCE TARIFF FILING REFLECTING CHANGES TO SCHEDULE 12 CHARGES IN
 PJM OPEN ACCESS TRANSMISSION TARIFF-DECEMBER 20, 2017 JOINT FILING
 BPU DOCKET NO. ER17121310

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