Agenda Date: 1/18/12
Agenda Item: 2A

STATE OF NEW JERSEY

Board of Public Utilities
44 South Clinton Avenue, 9th Floor
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 COMPLIANCE TARIFF FILING REFLECTING CHANGES TO SCHEDULE 12 CHARGES IN PJM OPEN ACCESS TRANSMISSION TARIFF – PSE&G NOVEMBER 14, 2011 FILING	)	DECISION AND ORDER APPROVING THE PASS-THROUGH OF FERC AUTHORIZED CHANGES IN FIRM TRANSMISSION SERVICE RELATED CHARGES
	)	DOCKET NO. EO11110804

(NOTIFICATION LIST ATTACHED)

APPEARANCES:

Mally Becker, Esq., Associate General Regulatory Counsel, for the Petitioner, Public Service Electric and Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On November 14, 2011, Public Service Electric and Gas Company ("PSE&G" or "Company") filed a 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 Company's 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. ER08-386-000, a revised formula rate filing by Virginia Electric and Power Company ("VEPCo") in FERC Docket Nos. ER-08-92-

000[1], and a revised formula rate filing made by PSE&G in connection with FERC Docket No. ER08-1233.[2] PSE&G requested that the changes become effective on January 1, 2012.

PSE&G is also requesting authorization to compensate BGS suppliers for this increase, subject to the 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 the BGS Reconciliation Charges.

The Company 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 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 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 state's four electric distribution companies (Atlantic City Electric Company, Jersey Central Power & Light Company, PSE&G, and Rockland Electric Company) (collectively "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. [3] Pursuant to FERC's Order, VEPCo and PATH submitted their formula rate update compliance filings with FERC on or about October 28, 2011, in FERC Docket Nos. ER10-068 and ER08-386-000, respectively.

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[1] While the original VEPCo formula rate filing was made under FERC Docket Number ER-08-92-000, the revised formula rate filing that is the subject of this Order was made under FERC Docket Number ER10-068.

[2] While the original PSE&G formula rate filing was made under FERC Docket Number ER08-1233, the revised formula rate filing that is the subject of this Order was made under FERC Docket Number ER09-1257.

[3] 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.

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.[4] On October 17, 2011, PSE&G made a compliance filing with FERC in Docket No. ER09-1257.

Based on the allocation of the VEPCo, PATH, and PSE&G project transmission costs among the service classes in accordance with PSE&G's tariff, a residential customer will see a $0.000844 per kWh increase in the BGS rate (including Sales and Use Tax).

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 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 required that the EDCs review and verify the requested FERC authorized changes.

After review of the verifications and supporting documentation, the Board **HEREBY APPROVES** the increase to the BGS-FP and BGS-CIEP rates requested by PSE&G for its increased transmission charges resulting from the FERC-approved changes to the TECs effective as of the date of service of this Board Order. The annual impact on a typical residential customer using 780 kWh per month in the summer and 7,360 kWh annually would be an increase of $6.20, or 0.45%. PSE&G is **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate increase subject to the terms and conditions of the SMAs.

[4] 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 the Period Beginning June 1, 2006 and In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2007 and In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2008- PSE&G November 14, 2008 Filing. BPU Docket Nos. EO03050394, EO05040317, EO06020119, and ER07060379, Order dated December 18, 2008.

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

DATED: 1/18/12

BOARD OF PUBLIC UTILITIES
BY:

ROBERT M. HANNA
PRESIDENT

JEANNE M. FOX
COMMISSIONER

JOSEPH L. FIORDALISO
COMMISSIONER

NICHOLAS ASSELTA
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

I/M/O the Provision of Basic Generation Service and the Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff- PSE&G November 14, 2011 Filing

BPU Docket No. EO11110804

NOTIFICATION LIST

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