



Agenda Date: 08/18/10

Agenda Item: 2A

**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  
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 22, 2010 FILING

) DECISION AND ORDER  
) APPROVING THE PASS-  
) THROUGH OF FERC  
) AUTHORIZED CHANGES IN FIRM  
) TRANSMISSION  
) SERVICE RELATED  
) CHARGES  
)  
) BPU DOCKET NO. ER10070499

(SERVICE LIST ATTACHED)

**Frances I. Sundheim, Esq.** on behalf of Public Service Electric and Gas Company

**Marc B. Lasky, Esq.** (Morgan, Lewis & Bockius LLP) on behalf of Jersey Center Power & Light Company

**John L. Carley, Esq.** on behalf of Rockland Electric Company

**Ami Morita, Esq.** and **Diane Schulze, Esq.** on behalf of the Division of Rate Counsel (**Stefanie A. Brand, Esq.** Director)

**Alex Moreau**, Deputy Attorney General, on behalf of the Staff of the New Jersey Board of Public Utilities (**Paula T. Dow**, Attorney General of New Jersey)

BY THE BOARD:

On June 22, 2010, Jersey Central Power & 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) formula rate filings made by PPL Electric Utilities Corporation ("PPL") in FERC Docket No. ER08-1457, and by American Electric Power Service Corporation ("AEP") in FERC Docket No. ER08-1329; (ii) the annual formula rate update filing made by Trans-Allegheny Interstate Line Company ("TrAILCo") in FERC Docket No. ER07-562, (iii) the modified rate

formula rate filing for the Mid-Atlantic Power Pathway ("MAPP") project made by the public utility affiliates of Pepco Holdings Inc. ("PHI") in FERC Docket No. ER08-1423, and (iv) the respective utility affiliate compliance filings for formula rate updates made by Atlantic City Electric Company ("ACE") in Docket No. ER09-1156, Delmarva Power and Light ("Delmarva") in Docket No. ER09-1158, and Potomac Electric Power Company ("PEPCO") in Docket No. ER09-1159. The filings referred to in (i) through (iv) above are collectively referred to as the "TEC Filings." The EDCs requested that the changes become effective on September 1, 2010.

The EDCs also requested that the BGS suppliers be compensated for the changes to the OATT resulting from the implementation of these updates from formula rates effective June 1, 2010 for all TEC filings except AEP which is effective July 1, 2010, subject to the terms and conditions of the applicable Supplier Master Agreement(s) ("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 increases.

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 July 2, 2007, TrAILCo made its compliance filing with FERC, which was the final act necessary for PJM to begin billing wholesale customers for these TECs effective June 1, 2007. On August 7, 2007, the EDCs, along with ACE filed a joint petition, requesting recovery of the allocated TrAILCo firm transmission service related charges. By Board Order dated January 18, 2008, the EDCs and ACE received approval from the Board to begin allocating TECs related to the TrAILCo project.<sup>1</sup>

On September 30, 2008, FERC approved the AEP formula rate filing and accepted the tariffs for filing. On October 28, 2008, FERC approved the PPL formula rate filing and accepted the tariffs for filing. BY FERC Order issued on October 31, 2008, the formula rates were approved and the respective tariffs were accepted for filing. Subsequently, on June 5, 2009, the EDCs filed a joint petition with the Board requesting recovery of the allocated PPL, AEP and MAPP project costs. By Order dated August 18, 2009, the EDCs received approval from the Board to begin allocating TECs related to these projects.<sup>2</sup>

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 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

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<sup>1</sup>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 January 18, 2008.

<sup>2</sup>In the Matter of the Provision of Basic Generation Service and Compliance Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff- Decision and Order Approving the Pass-Through of FERC Authorized Changes in Firm Transmission Service Related Charges, BPU Docket No. EO09060440, Order dated August 19, 2009.

(including Sales and Use Tax): \$1.08 or 0.08% for JCP&L; \$1.44 or .01% for PSE&G; and \$1.68 or 0.1% 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 the 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 required that the EDCs review and verify the requested FERC authorized increases.

After review of the verifications and supporting documentation, the Board **HEREBY FINDS** that the June 22 filing satisfies the EDCs' obligations under paragraph 15.9 (a)(i) and (ii) of the relevant SMA, and **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 for service on or after September 1, 2010. The EDCs are **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate increase 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 this Order.

DATED: 8/18/10

BOARD OF PUBLIC UTILITIES  
BY:

  
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COMMISSIONER

  
LEE A. SOLOMON  
PRESIDENT

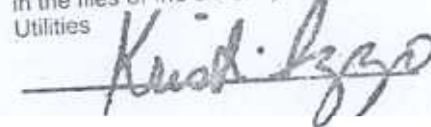
  
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ATTEST:

  
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  


IMO the Provision of Basic Generation Service and the Compliance Tariff Filing Reflecting Changes to Schedule 12 Charge  
in PJM Open Access Transmission Tariff- June 22 EDC Filing

BPU Docket No. ER10070499

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IMO the Provision of Basic Generation Service and the Compliance Tariff Filing Reflecting Changes to Schedule 12  
Charges in PJM Open Access Transmission Tariff- June 22 EDC Filing  
BPU Docket No. ER10070499

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Charges in PJM Open Access Transmission Tariff- June 22 EDC Filing  
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