



STATE OF NEW JERSEY
Board of Public Utilities
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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-)
FEBRUARY 2018 JOINT FILING)
)
) DECISION AND ORDER APPROVING
) THE PASS THROUGH OF FERC
) AUTHORIZED CHARGES IN FIRM
) TRANSMISSION SERVICE RELATED
) CHARGES
)
) DOCKET NO. ER18020158

Parties of Record:

Hesser G. McBride, Esq., on behalf of Public Service Electric and Gas Company
Phil Passanante, Esq., on behalf of Atlantic City Electric Company
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:¹

On February 14, 2018, 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 ("February 2018 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.

BACKGROUND AND PROCEDURAL HISTORY

The Transmission Enhancement Charges ("TECs") detailed in Schedule 12 of the PJM Open Access Transmission Tariff ("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.

¹ Commissioner Robert M. Gordon recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

By two (2) separate Orders² dated August 23, 2017, the Board authorized the EDCs to modify their Basic Generation Service ("BGS") Residential/Small Commercial Pricing ("BGS-RSCP")³ and Commercial and Industrial Energy Pricing ("BGS-CIEP") rates to reflect the changes in their transmission charges resulting from the FERC-approved changes to the TECs resulting from changes in the PJM OATT made in response to (i) the annual formula rate update filings made by PPL Electric Utilities Corporation in FERC Docket No. ER09-1148, by Baltimore Gas and Electric Company in FERC Docket No. ER09-1100, and by Tran-Allegheny Interstate Line Company 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 filings for formula rate updates made by ACE in FERC Docket No. ER09-1156,⁴ Delmarva Power and Light in FERC Docket No. ER09-1158, and Potomac Electric Power Company in FERC Docket No. ER09-1159.

By Order⁵ dated January 31, 2018, the Board authorized the EDCs to modify their BGS-RSCP and BGS-CIEP rates to reflect the changes in their transmission charges resulting from the FERC-approved changes to the TECs resulting from changes to the PJM OATT made in response to the annual formula rate update filing made by: (i) Potomac-Appalachian Transmission Highline, L.L.C. in FERC Docket No. ER-08-386-000; (ii) PSE&G in FERC Docket No. ER08-1233, (iii) Virginia Electric Power Company in FERC Docket No. ER08-92-000; and (iv) AEP in FERC Docket No. ER17-405-000.

On December 15, 2017, in Docket Nos. EL-17-84-000 and EL17-90-000 ("HTP and Linden VFT Orders"), FERC issued orders, effective January 1, 2018 that modified the PJM OATT as a result of a change in Hudson Transmission Partners' ("HTP") and Linden VFT's responsibility for certain transmission cost allocations resulting from the conversion of Firm to Non-Firm Transmission Withdrawal Rights. The revisions remove HTP and Linden VFT as parties responsible for cost allocation under Schedule 12 of the PJM OATT. While FERC has ruled on these matters through the issuance of the HTP and Linden VFT Orders, the cost reallocations being implemented are still subject to ongoing challenges before FERC.

February 2018 Petition

In the February 2018 Petition, the EDCs requested approval to implement the revised tariff rates with a rate effective date of January 1, 2018.

The EDCs also requested a waiver of the 30-day filing requirement that would otherwise apply to this type of submission, because BGS suppliers began paying the revised transmission charges for service effective January 1, 2018 pursuant to the HTP and Linden VFT Orders.

² In re 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, 2017 Filing, BPU Docket No.ER17060671 AND In re the Petition of Atlantic City Electric Company for Approval to Implement FERC-Approved Changes to ACE's Retail Transmission (Formula) Rate Pursuant to Paragraphs 15.9 of BGS-RSCP and BGS-CIEP Supplier Master Agreements and Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff (2017), (August 23, 2017).

³ This was formerly known as the BGS – Fixed Price or BGS-FP.

⁴ In the February 2018 Petition, ACE did not update their transmission rate related to FERC Docket No. ER09-1156.

⁵ In re the Provision of Basic Generation Service and the Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff- December 8, 2017 Joint Filing, BPU Docket Nos. ER16121152 and ER17121284 (January 31, 2018).

Under the Supplier Master Agreement ("SMA"), specifically Section 15.9, the EDCs are permitted to recover increases in Firm Transmission Service charges from BGS customers subject to Board approval. Thereafter, EDCs are required to remit payment of the increased charges to suppliers upon, among other things, the issuance of a "FERC Final Order" approving the Firm Transmission Service increase. Accordingly, the EDCs request that the Board approve the EDCs' collection of the increase due to the HTP and Linden VFT cost reallocations, and authorize the EDCs to remit the cost increases collected due to the cost reallocations to BGS suppliers, with any differences between the payments to BGS suppliers and charges to customers flowing through each EDC's BGS Reconciliation Charge.

Each EDC is allocated a different portion of TECs from PJM based on the cost for Required Transmission Enhancements in each EDC's transmission zone. Based on the reallocation 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): a decrease of \$0.02 or 0.02% for ACE; an increase of \$0.01 or 0.01% for JCP&L; an increase of \$1.68 or 1.53% for PSE&G, and an increase of \$0.62 or 0.52% 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 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. Section 15.9 of the SMA requires the EDCs to remit payment of the increased charges to suppliers upon, among other things, the issuance of a "Final FERC Order" approving the Firm Transmission Service increase.

After review of the verifications and supporting documentation, the Board **HEREBY FINDS** that the February 2018 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 by each EDC for its transmission charges resulting from the FERC-approved changes effective as of September 1, 2018. However, with respect to the reallocations derived from the HTP and Linden VFT Orders, the Board notes that Orders are not Final FERC Orders and are still subject to ongoing challenges at FERC. The Board's December 22, 2006 Order⁶ 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

⁶ In re the Provision of Basic Generation Service for the Period Beginning June 1, 2007, BPU Docket No. EO06020119, Order dated December 22, 2006.

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 **DENIES** the EDCs’ request to pay suppliers at this time and **AUTHORIZES** the EDCs to collect from BGS customers, the costs associated with the reallocation per the HTP and Linden VFT Orders as well as the proposed tariff revisions resulting from the HTP and Linden VFT Orders, and track such collections until receipt of Final FERC Orders in the matters.

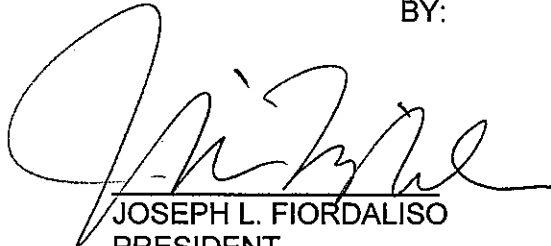
Further, the Board **HEREBY DIRECTS** the EDCs to file tariffs and rates consistent with the Board’s findings by September 1, 2018.

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.

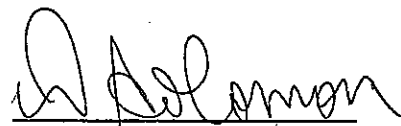
The effective date of this Order is August 4, 2018.

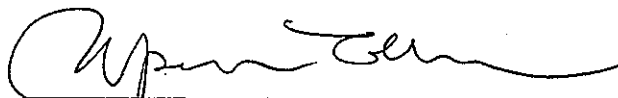
DATED: 7/25/18

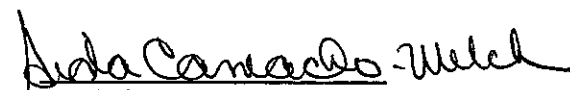
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ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

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 –
 February 2018 Joint Filing

BPU Docket No. ER18020158

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