



Agenda Date: 09/12/08  
Agenda Item: 2A-2

**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 )	DECISION AND ORDER
GENERATION SERVICE FOR YEAR TWO OF THE )	APPROVING THE PASS-
POST TRANSITION PERIOD )	THROUGH OF FERC
IN THE MATTER OF THE PROVISION OF BASIC )	AUTHORIZED CHANGES IN
GENERATION SERVICE FOR THE PERIOD BEGINNING )	FIRM TRANSMISSION
JUNE 1, 2006 )	SERVICE RELATED
	CHARGES- JUNE 16, 2008 FILING
IN THE MATTER OF THE PROVISION OF BASIC )	DOCKET NOS. EO03050394,
GENERATION SERVICE FOR THE PERIOD BEGINNING )	EO05040317, EO06020119, AND
JUNE 1, 2007 )	ER07060379
IN THE MATTER OF THE PROVISION OF BASIC )	
GENERATION SERVICE FOR THE PERIOD BEGINNING )	
JUNE 1, 2008 )	

(SERVICE LIST ATTACHED)

BY THE BOARD:

On June 16, 2008, Atlantic City Electric Company ("ACE"), Jersey Central Power and Light Company ("JCP&L"), Public Service Electric and Gas Company ("PSE&G"), and Rockland Electric Company ("RECO") (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 a filing by Trans-Allegheny Interstate Line Company ("TrAILCo") in FERC Docket No. ER07562-000, and a filing by Virginia Electric and Power Company ("VEPCo") in FERC Docket Nos. ER08-92-000 through ER-08-92-003. The EDCs requested that the changes become effective on September 1, 2008.

The EDCs are also requesting that the BGS suppliers be compensated for this increase, subject to 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 each EDC's BGS Reconciliation Charge.

The EDCs further requested that the Board approve subsequent changes to Schedule 12 charges which reflect projects for which FERC authorizes incentive ratemaking, and which are allocated by PJM to the respective state's EDCs. Since it is expected that the FERC-approved Transmission Enhancement Charges ("TECs") for the VEPCo project will change in January of each year and may also change from time to time, the EDCs also requested approval to submit compliance tariff sheets to implement any subsequent FERC-approved changes to the TECs resulting from the VEPCo project. In addition, the EDCs request approval to submit compliance tariff sheets for future TEC changes effective each June 1 related to the annual revenue requirements updates filed with FERC for the TrAILCo project.

The EDCs 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 increases for firm transmission service, and that the EDCs file for and obtain Board approval of an increase in retail rates commensurate with the FERC-implemented rate increase.

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 filed a joint petition, requesting recovery of the allocated TrAILCo firm transmission service related charges. By Board Order dated January 18, 2008, the EDCs received approval from the Board to begin allocating TECs related to the TrAILCo project.<sup>1</sup>

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. Pursuant to FERC's Order, on May 15, 2008, TrAILCo submitted its formula rate update compliance filing with FERC.

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 additional VEPCo and TrAILCo transmission costs among the service classes in accordance with each EDC's tariff, a residential customer will see the following BGS rate increase per month per utility [including Sales and Use Tax ("SUT")]: ACE \$0.000113 per kWh; JCP&L \$0.0001 per kWh; PSE&G \$0.000121 per kWh, and RECO \$0.00012 per kWh.

## 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 network integration transmission charge, and other charges associated with the FERC-approved Open Access Transmission Tariff is appropriate.

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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.

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 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 October 1, 2008. The Board **FURTHER APPROVES** the EDCs' request to compress the rates to reflect the implementation date of these changes. Approval of these adjustments will result in approximately a 0.09% increase in BGS rates for residential customers in each utility's service territory. The EDCs are **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate increase subject to the terms and conditions of the SMAs.

In addition, the Board **HEREBY DENIES** the EDCs' request that any subsequent FERC approved changes to Schedule 12, including those related to VEPCo and TrAILCo, be implemented solely through the submission of compliance tariff sheets. The EDCs must continue to file for approval by the Board of the amount of any proposed pass through to BGS customers of FERC-approved changes to Schedule 12, after review and verification by the EDCs.

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 Board Order.

DATED: 9/15/08

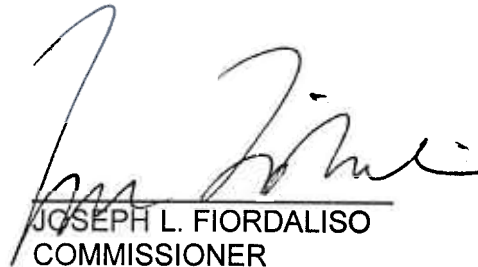
BOARD OF PUBLIC UTILITIES  
BY:



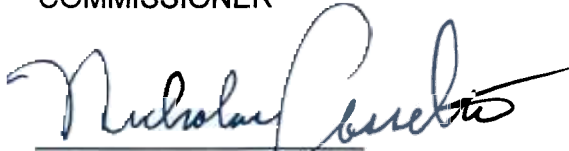
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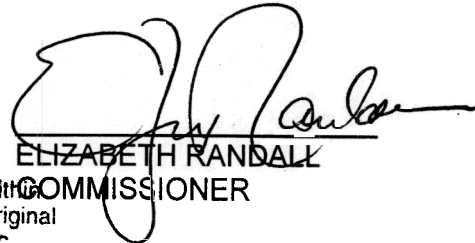
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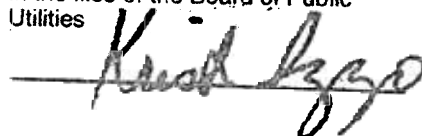
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ATTEST:



KRISTI IZZO  
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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 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, 1007 and In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2008 – BPU Docket Nos. EO03050394, EO05040317, EO06020119 and ER07060379

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