



Chris Christie  
**Governor**

Kim Guadagno  
**Lt. Governor**

Kristi Izzo  
Secretary of the Board  
Tel. # (609) 292-1599

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

## NOTICE<sup>1</sup>

### **IN MATTER OF THE EDCs' BASIC GENERATION SERVICE ("BGS") RECONCILIATION CHARGE**

Pursuant to the Open Public Meetings Act, N.J.S.A. 10:4-6 et seq., the New Jersey Board of Public Utilities ("Board") hereby gives notice of a technical conference on December 5, 2011, at 11:00 a.m. at The Division of Rate Counsel, 31 Clinton Street, Newark, NJ 07101 to discuss the electric distribution companies' BGS reconciliation charge.

As part of the annual BGS review process, Rate Counsel submitted comments and specifically requested that the Board review the Electric Distribution Companies' ("EDCs") accounting for the BGS reconciliation charge<sup>2</sup>. Specifically, Rate Counsel recommended that the methodology and timing of the calculations and collection of the BGS reconciliation charge should be examined. In response to these comments, Staff is initiating an informal stakeholder process to review each of the EDC's BGS reconciliation charge. All stakeholders are invited to participate in an informal process to better understand the EDCs' current reconciliation charge calculations and to provide input. Upon the completion of this stakeholder review process, Staff will report its findings to the Board, including any potential recommendations to resolve any inconsistencies among the four EDCs, if needed.

To initiate this process, Board Staff will hold a technical conference where the EDCs will be invited to make a presentation explaining their methodologies, frequency and other variables affecting the reconciliation charges (the "Technical Conference"). The EDC presentations are intended to be informational, and to provide all interested parties with a better understanding of each of the EDCs' current reconciliation accounting for BGS.

---

<sup>1</sup> Not a Paid Legal Advertisement

<sup>2</sup> The reconciliation charge accounts for the difference between amounts paid to BGS suppliers and amounts collected from BGS customers.

Upon the conclusion of the Technical Conference, Staff will conduct stakeholder meetings to further discuss each of the EDCs' reconciliation charges. As part of the stakeholder process, Board Staff will be seeking written comments from participants on the issues listed below. However, if additional topics need to be investigated, Board Staff will expand the scope as deemed necessary.

Board Staff requests comments on the following:

- 1) Are the current reconciliation methods used by the EDCs contributing to price volatility? If so, provide examples of collection disparity. In terms of billing accuracy, is there a differing level of customer complexity, FP customers versus CIEP customers? Please explain.
- 2) Should the EDCs be required to adopt a uniform reconciliation method and timeframe? Conversely, should each EDC be allowed to adopt its own individual reconciliation practices?
- 3) Is the increasing trend of customer migration away from BGS to Third Party Suppliers in the State affecting the EDCs' ability to project accurate collection data? If so, please explain.
- 4) What factors other than variations in sales forecast and customer migration are contributing to any volatility in the BGS reconciliation charges?
- 5) Should the BGS reconciliation charge be subject to one-way interest like the BGSS charge?
- 6) What effect does the allocation of transmission costs on kWh basis have on volatility in the BGS prices? Can the cost allocation be modified to lessen or eliminate the volatility in BGS prices.

The stakeholder process and technical conference are informal processes designed to solicit input from members of the industry and the public at large. Written comments may be emailed in Microsoft Word Format to [energy.comments@bpu.state.nj.us](mailto:energy.comments@bpu.state.nj.us). Please include the phrase "BGS Reconciliation Charge," in the subject line. Comments may also be sent to: Board of Public Utilities, 44 South Clinton Avenue, P.O. Box 350, Trenton, N.J. 08625-0350 Attn: Rosalie Serapiglia; please indicate your correspondence is regarding "BGS Reconciliation Charge."



---

Kristi Izzo  
Secretary of the Board

Dated: November 16, 2011