



Agenda Date: 08/23/17
Agenda Item: 2B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF ATLANTIC)	DECISION AND ORDER
CITY ELECTRIC COMPANY FOR APPROVAL TO)	APPROVING THE PASS-
IMPLEMENT FERC-APPROVED CHANGES TO ACE'S)	THROUGH OF FERC
RETAIL TRANSMISSION (FORMULA) RATE)	AUTHORIZED CHANGES IN
PURSUANT TO PARAGRAPH 15.9 OF THE BGS-)	FIRM TRANSMISSION
RSCP AND BGS-CIEP SUPPLIER MASTER)	SERVICE RELATED
AGREEMENTS AND TARIFF FILING REFLECTING)	CHARGES
CHANGES TO SCHEDULE 12 CHARGES IN PJM)	
OPEN ACCESS TRANSMISSION TARIFF (2017))	DOCKET NO. ER17070752

Parties of Record:

Philip J. Passanante, Esq., Atlantic City Electric Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By petition dated July 14, 2017, filed with the New Jersey Board of Public Utilities ("Board") Atlantic City Electric Company ("ACE" or "Company") requested recovery of Federal Energy Regulatory Commission ("FERC") approved changes in firm transmission service related charges with rates to be effective September 1, 2017. ("July 2017 Petition")

The Company's proposed tariffs reflect changes to the Basic Generation Service ("BGS") Residential and Small Commercial Pricing ("BGS-RSCP") and Commercial and Industrial Pricing ("BGS-CIEP") rates to customers resulting from FERC approved changes in the PJM Open Access Transmission Tariff ("OATT") made in response to: (i) the annual formula rate update filing by PPL Electric Utilities Corporation in FERC Docket No. ER09-1148 and by Trans-Allegheny Interstate Line Company ("TrAILCo") 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, Delmarva Power and Light Company ("Delmarva") in FERC Docket No. ER09-1158, and Potomac Electric Power Company ("PEPCO") in FERC Docket No. ER09-1159. The filings referred to in (i) and (ii) above are collectively referred to as the "Filings."¹

¹ In the July 2017 Petition, ACE inadvertently indicated that the formula rate filing made by American Electric Power Service Corporation ("AEP") was included in the instant petition.

The Transmission Enhancement Charges (“TECs”) detailed in Schedule 12 of the PJM 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.

On April 25, 2017, in Docket Nos. ER17-950-000 and ER17-940-001 (“ConEd Wheel Order”), FERC issued an Order that modified the PJM OATT as a result of the termination of a long-term firm point-to-point transmission service agreement between PJM and Consolidated Edison Company of New York, Inc. (the “ConEd Wheel”). The PJM tariff revisions remove ConEd as a party responsible for cost allocation under Schedule 12 of the PJM OATT. This, in turn, required that PJM reallocate the ConEd portion to the remaining entities as these costs relate to the ConEd Wheel. The cost reallocation being implemented pursuant to the ConEd Wheel Order is subject to ongoing legal challenges and protests before FERC by various interested entities.² By Order³ dated July 26, 2017, the Board authorized the EDCs to begin collecting the TEC charges based on the reallocation related to the ConEd Wheel Order and track such collections until receipt of a Final FERC Order in the matter.

July 2017 Petition

The proposed rates included in the amended tariff sheets reflect TEC costs effective as of June 1, 2017 resulting from all of the FERC-approved Filings. ACE also requested authorization to compensate the BGS suppliers for the changes resulting from the implementation of these updates to formula rates, subject to the terms and conditions of the applicable Supplier Master Agreement(s) (“SMAs”). Any differences between 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 paragraphs 15.9(a)(i) and (ii) of the BGS-RSCP and BGS-CIEP SMAs, which mandate that BGS-RSCP and BGS-CIEP suppliers be notified of rate increases and decreases for firm transmission service, and that the electric distribution companies (“EDCs”) file for and obtain Board approval of an increase or decrease in retail rates commensurate with the FERC-implemented rate changes.

ACE states that an adjustment to BGS supplier accounts for the period June 1, 2017 through May 31, 2018 will be made upon the Board’s approval of this request. For the period beginning June 1, 2017, ACE represents that it will track amounts associated with the rate change to BGS suppliers in accordance with paragraphs 15.9(a)(iii) and (iv) of the BGS-RSCP and BGS-CIEP SMAs until receipt of final FERC action on the 2017 informational filing.

² With the exception of a protest filed by the Board, the entities challenging (i.e., Linden VFT, Hudson Transmission Partners, and New York Power Authority (collectively, “Merchant-related Protestors”)) the cost reallocation allege that less costs should be allocated to them and more costs should be allocated to the zones of the New Jersey EDCs.

³ In re the Provision of Basic Generation Service and Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff—May 12, 2017 Filing, BPU Docket No. ER17050499 (July 26, 2017). (“July 2017 Order”)

Based on the allocation of the TEC charges of the Company's formula transmission rates among the service classes in accordance with ACE's tariff, the monthly bill for a typical ACE residential customer using 650 kWh per month will increase by approximately \$4.82 (including Sales and Use Tax) or 4.22%.

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 paragraph 15.9 of the SMAs as filed by ACE and the other EDCs which requires that the EDCs file for Board approval of any increases or decreases in their transmission charges that have been approved by FERC. The SMAs also authorize the EDCs to adjust the rates paid to suppliers for FERC-approved rates and increases 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.

After review of the verification and supporting documentation, the Board **HEREBY FINDS** that the July 2017 Petition satisfies ACE's obligations under paragraphs 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 ACE for its transmission charges resulting from the FERC-approved changes to the TECs effective as of September 1, 2017. However, with respect to the reallocations derived from the ConEd Wheel Order, as noted in the Board's July 2017 Order, the ConEd Wheel Order is not a Final FERC Order and is still being contested at FERC. The Board's December 22, 2006 Order⁴ 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 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, with respect to the allocations resulting from the ConEd Wheel Order, the Board **DENIES** ACE's request to pay suppliers at this time and **AUTHORIZES** ACE to collect from BGS customers, the costs associated with the reallocation per the ConEd Wheel Order and track such collections until receipt of a Final FERC Order in the matter. For the remaining TEC changes, ACE is **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate change subject to the terms and conditions of the SMAs.

Further, the Board **HEREBY DIRECTS** ACE to file tariffs and rates consistent with the Board's findings by September 1, 2017.


⁴ In re the Provision of Basic Generation Service for the Period Beginning June 1, 2007, BPU Docket No. EO06020119 (December 22, 2006).


The Company's 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.

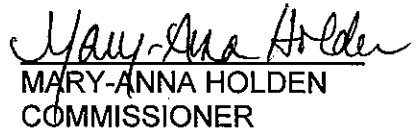
The effective date of this Order is August 31, 2017.

DATED: 8/23/17

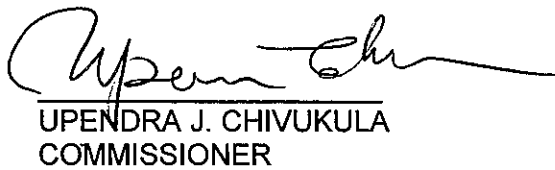
BOARD OF PUBLIC UTILITIES
BY:

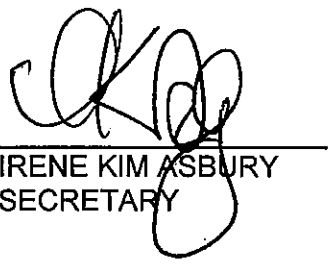

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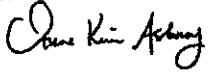

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
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ATTEST:

IRENE KIM ASBURY
SECRETARY

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 the Petition of Atlantic City Electric Company for Approval to Implement FERC Approved Changes to ACE's Retail Transmission (Formula) Rate Pursuant to Paragraph 15.9 of the BGS-RSCP and BGS-CIEP Supplier Master Agreements and Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff (2017)
BPU DOCKET NO. ER17070752

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