



Agenda Date: 12/19/17
Agenda Item: 2F

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 ROCKLAND ELECTRIC)	DECISION AND ORDER
TRANSMISSION RATE FILING)	APPROVING CHANGES IN
)	FIRM TRANSMISSION
)	SERVICE RELATED
)	CHARGES
)	
)	DOCKET NO. ER17080938

Parties of Record:

Margaret Comes, Esq., on behalf of Rockland Electric Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:¹

On January 26, 2017, in a filing (“RECO FERC Proceeding”) made by Rockland Electric Company (“RECO” or “Company”) with the Federal Energy Regulatory Commission (“FERC”), the Company requested an increase in its annual transmission revenue requirement, as set forth on Schedule H-12 of PJM Interconnection LLC’s (“PJM”) Open Access Transmission Tariff (“PJM OATT”), from \$11,785,928 to \$19,661,232. In addition, the Company requested an increase in its PJM OATT Schedule 1A scheduling, system control, and dispatch (“SSC&D”) rate from \$0.2475/MWh to \$0.5351/MWh.²

On March 28, 2017, under FERC Docket No. ER17-856-000, RECO’s proposed PJM OATT tariff revisions containing the requested revenue requirement change and change in the SSC&D rate were accepted by FERC and became effective April 3, 2017, subject to refund upon a Final FERC Order.

On September 6, 2017, RECO filed an offer of settlement (“RECO FERC Settlement”) concerning RECO’s proposed annual transmission revenue requirement, transmission rates, return on equity, and Schedule 1A services rate that resolved all issues in dispute in the RECO FERC Proceeding. On October 10, 2017, the settlement judge certified the RECO FERC

¹ Commissioner Upendra J. Chivukula did not participate.
² The requested increase in the revenue requirement and SSC&D rate was only applicable to customers served in the Company’s Eastern Division (i.e. customers located in areas where their load is directed connected with PJM). In contrast, the load of those customers in the Company’s Central and Western Divisions is directly connected with the New York Independent System Operator.

Settlement to FERC as uncontested. By letter order dated November 29, 2017, FERC approved the RECO FERC Settlement.

August 2017 Petition

On August 31, 2017, RECO filed a petition ("August 2017 Petition") with the New Jersey Board of Public Utilities ("Board") requesting recovery of the FERC approved changes in firm transmission service related charges.

On October 4, 2017, RECO updated the August 2017 Petition to reflect the settlement agreement among the parties in the FERC proceeding. ("October 2017 Update") The October 2017 Update included a final revenue requirement of \$17,724,263 and an SSC&D rate of \$0.5209/MWh. The October 2017 Update also included revised draft tariff leaves to update the retail transmission rates using the methodology set forth in the August 2017 Petition, with the revised revenue requirement and SSC&D rate.

Currently there are separate rates for each of the Company's residential service classifications ("SCs") (i.e., SC Nos. 1, 3, and 5) and for each of the Company's lighting SCs (i.e., SC Nos. 4 and 6). In the August 2017 Petition, the Company proposed to combine the residential SCs as one group and the lighting SCs as another group for purposes of developing common retail transmission rates within each group.

The determination of the retail transmission rates for demand billed (SC Nos. 2 and 7) customers is similar to that described above for the residential and lighting groups; however, these retail transmission rates have been designed to be assessed on both usage (kilowatt-hour ("kWh")) and demand (kilowatt ("kW")). Prior to determining the increase in the kWh and kW charges due to the increase in the transmission revenue requirement, the Company has proposed a revenue neutral change to the SC No. 2 demand-billed transmission rate structure. For SC No. 2, currently there is a transmission rate structure whereby there is no transmission charge for the first 5 kW of demand and a transmission charge for any demand greater than 5 kW. In recent distribution rate cases, the Company has been gradually transitioning the SC No. 2 rate structure to a flat per kW and a flat per kWh charge for any demand billed SC No. 2 customer. Therefore, the Company is making a similar change to its SC No. 2 transmission demand rates.

Currently, within each SC, Basic Generation Service ("BGS") customers and all Central and Western Division retail access customers pay the same transmission rate. In the August 2017 Petition, the Company proposed to calculate a weighted average of the revised transmission rates for its Eastern Division customers and the current transmission rates for its Central Western Division customers to arrive at one transmission rate for each SC. According to the Company, this methodology is similar to that currently employed by the Company for its BGS rates. In setting RECO's BGS rates, the winning bid prices from the BGS Auction applicable to Eastern Division customers are blended with the rate determined in the separate RECO Request for Proposal process for Central and Western Division customers to arrive at one set of BGS rates that are paid by all full service customers in an SC. This approach has the decided benefit of minimizing customer confusion that may result from having different sets of rates by division in each SC.

Pursuant to Section 15.9 of the Supplier Master Agreements ("SMAs"), between each BGS Supplier and the Company, if a filing is made with FERC to approve a change in the Company's Firm Transmission Service rates, upon the date the Company begins collecting the retail rates

from its customers after approval by the Board, the Company will track the portion of such increase and retain such tracked amounts for the benefit of the BGS Suppliers. When a Final FERC Order is issued approving the increase in Firm Transmission Service rates, the Company will pay each BGS Supplier the amounts tracked and retained for the benefit of such BGS Supplier as outlined in Section 15.9 of the SMA. Any differences between payments to BGS suppliers and charges to customers would flow through the BGS Reconciliation Charges.

Since FERC has allowed the change in the transmission rates to become effective April 3, 2017, subject to refund, the Company proposed a means of collecting the revenues from its retail customers that resulted from the change in the revenue requirement and the SSC&D rate from April 3 to the date that the retail rates will become effective. In the August 2017 Petition, the Company proposed a Temporary Transmission Charge to collect these revenues. However, in the October 2017 Update, the Company modified its proposal to use the Reconciliation Charge as the means of collecting these revenues from customers. The Company has added language to the BGS Reconciliation Charge section of the Electric Tariff to state that these costs will be collected via the BGS reconciliation mechanism.

For a typical RECO residential customer using on average 925 kWh a month, their bill would increase approximately \$2.46, or 2.1% per month.

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 RECO and the other electric distribution companies ("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 August 2017 Petition, as modified by the October 2017 Update, satisfies RECO's obligations under paragraphs 15.9(a)(i) and (ii) of the relevant SMAs, and **HEREBY APPROVES** the changes to the retail transmission rates requested by RECO for its transmission charges resulting from the FERC-approved changes to the transmission charges, effective as of January 1, 2018. RECO is **HEREBY ORDERED** to compensate the BGS suppliers for this transmission rate subject to the terms and conditions of the SMAs.

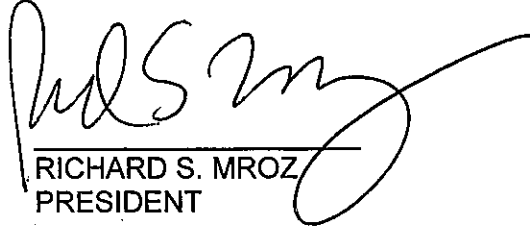
Further, the Board **HEREBY DIRECTS** RECO to file tariffs and rates consistent with the Board's findings by January 1, 2018. The Company is further **DIRECTED** to reflect the reduction in the Sales and Use Tax in its tariff compliance filing.

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 December 29, 2017.

DATED: 12/19/17

BOARD OF PUBLIC UTILITIES
BY:

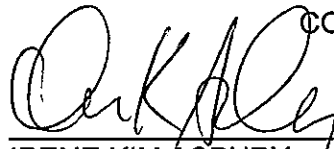

RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

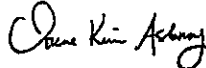

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER

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 ROCKLAND ELECTRIC TRANSMISSION RATE FILING
BPU DOCKET NO. ER17080938

SERVICE LIST

EDCs

Sally J. Cheong, Manager
Tariff Activity, Rates, NJ
Jersey Central Power & Light Co.
300 Madison Ave.
Morristown, NJ 07962

Hesser G. McBride, Esq.
PSEG Services Corporation
80 Park Plaza, T-5
Newark, NJ 07102

Kevin Connelly
First Energy
300 Madison Avenue
Morristown, NJ 07960

Gregory Eisenstark, Esq.
Windels Marx Lane & Mittendorf, LLP
120 Albany Street Plaza
New Brunswick, NJ 08901

Myron Filewicz
Manager- BGS
PSE&G
80 Park Plaza, T-8
Newark, NJ 07101

Eugene Meehan
NERA Economic Consulting
1255 23rd Street
Suite 600
Washington, DC 20037

Chantale LaCasse
NERA Economic Consulting
1166 Avenue of the Americas,
29th Floor
New York, NY 10036

Terrance J. Moran
PSE&G
80 Park Plaza, T-05
Newark, NJ 07101-4194

Rockland Electric Company

John L. Carley, Esq.
Consolidated Edison Co. of NY
Law Dept., Room 1815-S
4 Irving Place
New York, NY 10003

Margaret Comes, Sr. Staff Attorney
Consolidated Edison Co. of NY
Law Dept., Room 1815-S
4 Irving Place
New York, NY 10003

Board of Public Utilities

44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350

Irene Kim Asbury, Esq.
Secretary of the Board
Irene.asbury@bpu.nj.gov

Thomas Walker, Director
Division of Energy
Thomas.walker@bpu.nj.gov

Stacy Peterson, Assistant Director
Division of Energy
Stacy.peterson@bpu.nj.gov

Bethany Rocque-Romaine, Esq.
Counsel's Office
Bethany.Romaine@bpu.nj.gov

Megan Lupo, Esq.
Counsel's Office
Megan.lupo@bpu.nj.gov

Paul Cardona
NERA Economic Consulting
777 S. Figueroa, Suite 1950
Los Angeles, CA 90017

Joseph Janocha
Atlantic City Electric Company-63 ML38
5100 Harding Highway
Atlantic Regional Office
Mays Landing, NJ 08330

Philip J. Passanante, Esq.
Assistant General Counsel
Pepco Holdings, LLC
Legal Services
500 North Wakefern Drive
Newark, DE 19702-5440

OTHER

Steven Gabel
Gabel Associates
417 Denison Street
Highland Park, NJ 08904

Shawn P. Leyden, Esq.
PSEG Services Corporation
80 Park Plaza – T-19
P.O. Box 570
Newark, NJ 07101

Rick Sahni
Contract Services- Power
BP Energy Company
501 W Lark Park Blvd.
WL1-1008
Houston, TX 77079

Matthew Clements Contract Services-Power
BP Energy Company
501 W Lark Park Blvd. WL1-1008
Houston, TX 77079

Commodity Operations Group Citigroup
Energy Inc.
2800 Post Oak Boulevard Suite 500
Houston, TX 77056

Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029

Caroline Vachier, Esq.
caroline.vachier@law.njoag.gov

Alex Moreau, Esq.
Alex.moreau@law.njoag.gov

Andrew Kuntz, Esq.
Andrew.kuntz@law.njoag.gov

Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003

Stefanie A. Brand, Esq., Director
sbrand@rpa.nj.gov

Brian Lipman, Esq.
blipman@rpa.nj.gov

Ami Morita, Esq.
amorita@rpa.nj.gov

Lisa Gurkas
lgurkas@rpa.nj.gov

Diane Schulze, Esq.
dschulze@rpa.nj.gov

Robert Fagan
Synapse Energy Economics, Inc.
485 Massachusetts Ave., Suite 2
Cambridge, MA 02139

OTHER

Patricia Haule Macquarie Energy LLC
500 Dallas Street, Level; 31
Houston, TX 77002

Paul Rahm
Exelon Generation Co.
100 Constellation Way, Suite 500C
Baltimore, MD 21102

Legal Department Citigroup Energy Inc. 2800
Post Oak Boulevard Suite 500
Houston, TX 77056

Jackie Roy Conoco Phillips
600 N Dairy Ashford, CH1081 Houston, TX
77079

John Foreman Conoco Phillips
600 N Dairy Ashford, CH1081 Houston , TX
77079

Marcia Hissong, Director, Contract
Administration/Counsel
DTE Energy Trading, Inc.
414 South Main Street
Suite 200
Ann Arbor, MI 48104

James Buck
DTE Energy Trading
414 S. Main Street Suite 200
Ann Arbor, MI 48104

Cynthia Klots
DTE Energy Trading
414 S. Main Street Suite 200
Ann Arbor, MI 48104

Danielle Fazio
Noble Americas Gas & Power
Four Stamford Plaza, 7th Fl.
Stamford, CT 06902

Mara Kent Engelhart CTP (Usi
400 Atlantic St., 111 Fl.
Stamford, CT 06901

Sherri Brudner Macquarie
Energy LLC
500 Dallas Street, Level; 31
Houston, TX 77002

Rohit Marwaha
Exelon Generation Co.
100 Constellation Way, Suite 500C
Baltimore, MD 21102

Jessica Miller
Exelon Generation Co.
100 Constellation Way, Suite 500C
Baltimore, MD 21102

Justin Brenner
NextEra Energy Power Mktg.
700 Universe Boulevard CTR/JB
Juno Beach, FL 33408-2683

Alan Babp
Talen Energy Marketing LLC GENPL7S
835 Hamilton Street, Suite 150
Allentown, PA 18101

Marlene Nobile
PSEG Services Corporation
80 Park Plaza, T-19
PO Box570
Newark, NJ 07101
Marlene.nobile@pseg.com

Stuart Ormsbee
TransCanada Power Marketing Ltd. 110
Turnpike Road, Suite 300
Westborough, MA 01581

Connie Cheng Macquarie
Energy LLC
500 Dallas Street, Level; 31
Houston, TX 77002

Erin O'Dea
TransCanada Power Marketing
It d. 110 Turnpike Road, Suite 300
Westborough, MA 01581

Justin Brenner
NextEra Energy Power Mktg.
700 Universe Boulevard CTR/JB
Juno Beach, FL 33408-2683

Alan Babp
Talen Energy Marketing LLC GENPL7S
835 Hamilton Street, Suite 150
Allentown, PA 18101

Cara Lorenzoni
Noble Americas Gas & Power
Four Stamford Plaza, 7th Fl.
Stamford, CT 06902

Mariel Ynaya
Talen Energy Marketing LLC GENPL7S
835 Hamilton Street, Suite 150
Allentown, PA 18101

Brian McPherson
TransCanada Power Marketing Ltd. 110
Turnpike Road, Suite 300
Westborough, MA 01581