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CASE MANAGEMENT



NOV 15 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Margaret Comes
Associate Counsel
Law Department

VIA OVERNIGHT

November 14, 2018

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350

RECEIVED
MAIL ROOM
NOV 15 2018
BOARD OF PUBLIC UTILITIES
TRENTON, NJ

RE: I/M/O FERC-Approved Changes to Rockland Electric Company Transmission Rate Pursuant to Paragraphs 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
BPU Docket No. ER1811242

Dear Secretary Camacho-Welch:

Enclosed for filing on behalf of Rockland Electric Company (“RECO” or “the Company”) pursuant to Section 15.9 of the Basic Generation Service (“BGS”) Supplier Master Agreement (“SMA”) please find an original and ten copies of tariff sheets and supporting exhibits reflecting changes to the PJM Open Access Transmission Tariff (“OATT”). RECO is making this filing in anticipation of a Federal Energy Commission’s (“FERC”) Order in Docket No. ER18-1585.

A copy of the filing is being provided to RECO’s BGS suppliers, pursuant to Section 15.9 of the SMA.

Purpose of Filing

On March 15, FERC issued an Order to Show Cause (“Show Cause Order”) in FERC Docket No. EL18-111 to implement the recently passed Tax Cut and Jobs Act of 2017 (“2017 Tax Act”), which reduced the maximum federal corporate income tax rate from 35% to 21%. Specifically, FERC ordered RECO and certain other electric utilities with stated transmission rates to:

Rockland Electric Company
4 Irving Place – Room 1815-S New York NY 10003 212 460 3013 212 677 5850 fax comesm@coned.com

Cms
Legal
Drfca
RPA

S. Peterson
ENERGY

either (1) [] propose revisions to its stated transmission rates under its open access transmission tariff or transmission owner tariff on file with the Commission to reflect the recent change in the federal corporate income tax rate and describe the methodology used for making those revisions, or (2) [] show cause why it should not be required to do so.¹

In response to the Show Cause Order, on May 14, 2018, Rockland submitted a filing² to FERC, which revised its stated transmission rates to reflect the reduction in the maximum corporate tax rate, and which described the methodology RECO used to calculate its revised transmission rates. Specifically, in the May 14 Filing, RECO proposed a decrease in: (a) the Attachment H-12 transmission revenue requirement (“TRR”) from \$17,724,263 to \$16,833,707 and (b) the Network Integration Transmission Service rate from \$44,799 per megawatt per year to \$42,458 per megawatt per year. As explained in more detail in the testimony and supporting exhibits contained in the May 14 Filing, the Company used the same methodology that it used in its 2017 transmission rate filing (“2017 Rate Filing”)³ at the FERC. The 2017 Rate Filing resulted in a black box Settlement Agreement among RECO, Rate Counsel, and the New Jersey Board of Public Utilities Staff, which was approved by FERC.⁴

RECO has not received an Order from FERC approving the methodology or the new transmission rates contained in the May 2014 Filing. However, the RECO filing is on the FERC agenda for November 15, 2018. RECO does not know if FERC will approve the filing or require further changes in its transmission rate.⁵

Although a final FERC order has not yet been issued in this case, the Company submits this filing in order to establish the methodology by which it will translate the final transmission rate into the retail rates that will be paid by RECO’s customers for transmission service. RECO will update the Board in the event FERC accepts the Company’s May 14 filing and revised transmission rates and will submit the final proposed tariff leaves.

RECO respectfully requests that the Board waive its 30-day filing requirement so that RECO can expeditiously implement any rate reduction that may occur as a result of the pending FERC order.

Attached to this filing are the following tariff sheets in draft format:

Leaf No.	83	Leaf No.	109
Leaf No.	89	Leaf No.	116
Leaf No.	96	Leaf No.	124

¹ Show Cause Order, 162 FERC ¶ 61,224, at p. 4.

² Docket No. ER18-1585, May 14, 2018 (“May 14 Filing”). Please note that upon filing, FERC assigned new docket numbers to each of the filings made pursuant to the Show Cause Order. RECO’s filing was assigned Docket No. ER18-1585.

³ See Docket No. ER17-856-001 and -002 (January 26, 2017) (“2017 Rate Filing”).

⁴ See FERC Letter Order, Docket Nos. ER17-856-000 and -001, (November 29, 2017).

⁵ In the event that FERC issues a refund, the Company expects that BGS suppliers will receive a refund from PJM Settlements, and RECO will be charged by PJM for the refund.

Leaf No.

102

Leaf No.

127

Also attached is a draft Appendix A showing how the proposed transmission rate has been converted to the retail rates in the above, draft tariff leaves.

Background

The BPU has approved Section 15.9 of the Supplier Master Agreements (“SMA”) filed by the EDCs, which authorizes the EDCs to increase or decrease the rates paid to suppliers for FERC-approved rates and changes to Firm Transmission Service once approved by the Board.⁶ In turn, the EDCs file with the Board for approval to amend retail rates to reflect the FERC-approved changes in Firm Transmission Service and related charges. Further, pursuant to Section 15.9 of the SMA, in the event of a decrease in the Firm Transmission Rate, “the Auction Price shall be deemed to be decreased by the rate decrease to BGS-RSCP Customers approved by the BPU,…” Therefore, in the event of a transmission rate decrease, pursuant to Section 15.9 of the SMA, the RECO BGS-RSCP auction price decreases to reflect the decrease in transmission rate, and RECO transmission payments to BGS-CIEP suppliers decrease to reflect the decrease in transmission rate.

Request for Board Approval

RECO requests Board approval to implement revised retail rates to reflect the change in Rockland’s transmission rate, after issuance of the pending FERC Order in Docket No. ER18-1585. Upon issuance of that FERC Order, RECO will submit an amended filing with the final, proposed tariff leaves that reflect the translation of the anticipated requested transmission rate in FERC Docket No. ER18-1585 into the Service Classification (“SC”) specific retail rates contained in the Electric Tariff. RECO will credit its BGS Reconciliation Charge for any change in revenues that result from the change in the transmission rate to the date that the new retail rates become effective. RECO will include in the amended filing a final Appendix A showing how the new transmission rate was translated into the SC specific retail tariff rates and the resulting change in each rate.

In addition, as noted above, pursuant to Section 15.9 of the SMA, a decrease in the transmission rate results in a decrease in the Firm Transmission rate and Auction Price. Therefore, Rockland requests approval from the Board to decrease RECO’s BGS-RSCP auction price and payment to its BGS-RSCP suppliers by the reduction in Rockland’s transmission rate, and decrease transmission payments to its BGS-CIEP suppliers by the reduction in RECO’s transmission rate. The decrease in payments to RECO’s BGS-RSCP and BGS-CIEP suppliers would date to the effective date of the RECO transmission rate in ER18-1585. RECO will credit its BGS Reconciliation Charge for any change in revenues that result from the change in the transmission rate to the effective date of the BPU Order in this proceeding.

Further, in the event that FERC makes any decrease in transmission rates effective as of a date prior to the date of its Order in Docket No. ER18-1585 (*i.e.*, imposes a refund date),

⁶ See, e.g., Decision and Order, ER17040335, (November 21, 2017).

pursuant to section 15.9 of the SMA, RECO requests approval from the Board to collect the reduction in RECO's transmission rate from RECO's BGS-RSCP suppliers and BGS-CIEP suppliers from the FERC refund date to the FERC effective date of the new transmission rates, and credit RECO's customers by means of the Company's Reconciliation Adjustment Mechanism.⁷

Conclusion

For the foregoing reasons, RECO respectfully requests that the Board 1) accept final, proposed RECO tariff sheets that will be submitted upon a FERC Order in ER18-1585, as explained above, 2) approve a reduction in RECO's payments to RECO's BGS-CIEP suppliers, as explained above, and 3) in the event FERC establishes a refund date, approve RECO's collection of the reduction in transmission rate from RECO's BGS-RSCP and BGS-CIEP suppliers, as explained above.

Respectfully submitted,


Margaret Comes

Enclosures
c: attached service list

⁷ As noted in footnote five above, in the event that FERC requires a refund, the Company expects that BGS suppliers will be credited by PJM Settlements, and RECO will be billed by PJM for the refund amounts.