



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE VERIFIED PETITION OF)
JERSEY CENTRAL POWER & LIGHT COMPANY) ORDER APPROVING
REQUESTING APPROVAL OF A SPECIAL NON-) CONTRACT AGREEMENT
TARIFF LIGHT EMITTING DIODE STREET LIGHTING)
AGREEMENT WITH JACKSON TOWNSHIP) DOCKET NO. EO12030222

APPEARANCES:

Michael J. Connolly, Esq. Morgan Lewis on behalf of Jersey Central Power & Light Company
Stefanie A. Brand, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Order the New Jersey Board of Public Utilities (“BPU” or “Board”) considers a petition dated March 9, 2012 filed by Jersey Central Power & Light Company (“JCP&L”) seeking approval of a Special Non-Tariff Emitting Diode Street Lighting Agreement (the “LED SL Service Agreement”) pursuant to which JCP&L proposes to provide a limited light emitting diode (“LED”) street lighting service to Jackson Township.

BACKGROUND

Jackson Township applied for, and has received, an Energy Efficiency and Conservation Block Grant (“EECBG”) award from the U.S. Department of Energy (“DOE”) for programs designed or intended to reduce fossil fuel emissions in a manner that is environmentally sustainable, and that also maximizes cost savings, reduces the total energy use of eligible entities and improves energy efficiency in the transportation, building and other appropriate sectors.

Jackson Township advised JCP&L that it intended to use its EECBG grant funds, in conformance with the EECBG-award, for the purpose of evaluating the effectiveness and efficacy of the installation and use of LED street lighting within Jackson Township for purposes of reducing fossil fuel emissions and energy consumption, and improving energy efficiency. Jackson Township requested that JCP&L provide it with the LED street lighting service.

According to the petition, JCP&L advised Jackson Township that JCP&L’s Tariff does not provide for LED street lighting service (“LED SL Service”) and that JCP&L does not wish to create a Tariff rider to generally offer such a service to its customers at this time.

After a lengthy period of discussion, correspondence and negotiation, with respect to the costs of the LED fixtures and the costs of, and approaches to, installation of the LED fixtures, the parties agreed to implement LED SL Service for Jackson Township, on a special request basis pursuant to a special non-Tariff agreement, which would enable Jackson Township to effectively utilize its grant funding.

JCP&L and Jackson Township executed the LED SL Service Agreement, subject to Board review and approval, on December 23, 2011. The LED SL Service Agreement provides the charges, and terms and conditions under which LED SL Service will be provided to Jackson Township, and the responsibilities of each party. As previously stated, on March 9, 2012, JCP&L filed with the Board for review and approval of the LED SL Service Agreement.

According to the petition, the LED SL Service is similar to the existing JCP&L Tariff service for Sodium Vapor Street Lighting Service, and provides for dusk-to dawn service at secondary voltage, for street light service operating 4200 hours per year. JCP&L is responsible to procure, purchase, install, own, operate, maintain and service, at Jackson Township's expense, certain types of LED street light fixtures within Jackson Township at agreed upon locations where existing JCP&L owned street light poles can be retrofitted with the LED fixtures. Jackson Township is also responsible for LED fixture replacement, and JCP&L has the right to remove, at Jackson Township's sole expense, any LED fixture under certain circumstances. JCP&L has agreed to start installation of up to 100 LED fixtures at agreed upon locations within 90 days from the submittal for the executed form of LED SL Service Agreement to the Board, so long as the accommodation is disclosed in the petition and the Board does not order or request that JCP&L refrain from such pre-approval installation.

Jackson Township has agreed to the method and process for calculating and billing of charges, and has agreed to pay the resulting LED fixture installation charges, and to the extent applicable, LED fixture replacement charges, LED service restoration charges, and LED fixture removal charges, as well as monthly charges based on the similar types and amount of charges set forth in the current Sodium Vapor Street Lighting Service Tariff.

Under the LED SL Service Agreement, Jackson Township has the right to spot check the LED fixture installation work performed during the installation process, and to make a physical record of all work being done. The LED SL Service Agreement also provides for certain audit rights with respect to the LED installation charges, and any disputes regarding such charges (except for the charges based on Service Classification SVL) that cannot be resolved between the parties may be submitted to the Board for resolution.

In the LED SL Service Agreement, the parties have agreed that JCP&L shall not be liable for the operational performance of the LED fixtures. In all other respects, the parties have agreed to be bound by the applicable limitations of liability provisions contained in the current JCP&L Tariff and that, for matters for which Jackson Township is liable, it will be responsible for any and all liability or claim for damage to property, including property of the Company and injury or death to third parties resulting from, or caused by, the presence, operation, maintenance or removal of the LED fixtures.

The LED SL Service Agreement has an initial term of one year, and will renew automatically from year to year thereafter unless either party provides written notice of non-renewal to the other party at least 60 days in advance of the expiration date of the then current term or unless otherwise terminated as set forth in the LED SL Service Agreement

In its petition, JCP&L states that these non-Tariff services to Jackson Township are unique, and the Company does not seek or desire to use the LED SL Service Agreement or to provide the LED SL Service in any other context or for any other customer. Therefore, JCP&L requests that the Board limit its authorization and approval of the LED SL Service and the LED SL Service Agreement to this singular and unique application on behalf of Jackson Township.

By letter dated March 8, 2012, Jackson Township submitted a letter supporting the petition representing that Jackson will be funding this program so that there will be no rate impact on other JCP&L customers. The Township also sought limited preapproval for the installation of up to 100 LED fixtures as requested in the petition to comply with the terms of the EECBG.

By letter dated May 31, 2012, Rate Counsel filed comments on this matter, not opposing the petition based upon its unique factual circumstances but with certain conditions. According to Rate Counsel, the petition represents that the LED technology promises potential reductions in fossil fuel emissions from reduced electricity demand and reduced costs to Jackson Township to provide street lighting, and because of the Township's EECBG from DOE of approximately \$464,500 to install and evaluate the effectiveness and efficacy of the installation and use of LED street lights, Jackson Township needs to begin installations of LED street lighting fixtures expeditiously. Moreover, since JCP&L will recover its costs associated with providing the LED SL Service under the LED SL Service Agreement through charges paid by Jackson Township as set forth in the LED SL Service Agreement, it is not anticipated that there will be any adverse rate impact from the Board's approval of the LED SL Service Agreement on other JCP&L ratepayers.

Therefore Rate Counsel does not oppose the relief requested by the petition but does request that Board approval not represent a precedent for other LED street lighting agreements. Rate Counsel believes that tariff based rates achieve important public purposes such as ensuring non-discriminatory treatment for similarly situated ratepayers and Board review of services offered by the utilities that it regulates.

DISCUSSION AND FINDINGS

The Board, having reviewed the petition and the proposed LED SL Service Agreement, and the comments submitted by Rate Counsel and Jackson Township, **FINDS** that under the circumstances of this matter, the LED SL Service Agreement is reasonable and in the public interest. According to the LED SL Service Agreement, Jackson Township will be responsible for all the costs related to purchasing, installing, operating, maintaining and servicing the LED street light fixtures. Therefore, there should be no rate impact on other JCP&L ratepayers.

The Board agrees that it is preferable to have rates set through a tariff with terms that are public and transparent. However, because of the environmental benefits expected with using LED lighting technology and the availability of the federal grant which reduces the cost to the Township but requires timely use of the funds, there is a need for JCP&L to provide LED SL Service to Jackson Township on an expedited schedule.

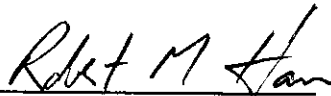
Therefore, the Board **HEREBY APPROVES** the LED SL Service Agreement for Jackson Township, and JCP&L limited preapproval installation of up to 100 LED fixtures, if needed, with the following conditions:

- 1) This approval does not represent a precedent for other LED street lighting agreements and is limited solely to the unique facts of this matter;

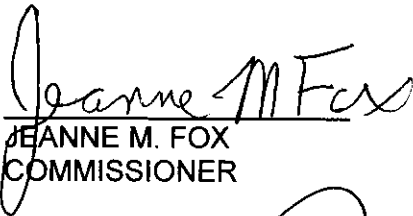
- 2) This approval does not represent a general endorsement of non-tariff service agreements;
- 3) No ratepayer other than Jackson Township shall pay or face responsibility for any costs, expenses or other financial obligations associated with the LED SL Service Agreement;
- 4) JCP&L shall provide to the Board and Rate Counsel an itemized accounting of any costs, expenses or other financial obligations it incurs associated with the LED SL Service Agreement;
- 5) JCP&L shall provide to the Board and Rate Counsel, subject to DOE guidelines, the information from and analysis of the LED LS Service pilot program approved pursuant to this petition, including without limitation information about any energy and costs savings;
- 6) JCP&L shall notify the Board and Rate Counsel if there are any proposed changes in the terms of the LED SL Service Agreement including any that may impact the costs, expenses or other financial obligations of JCP&L or any ratepayer associated with the LED SL Service Agreement, and
- 7) This Order shall not affect nor in any way limit the exercise of the authority of this Board or of this State, in any future petition or in any proceedings with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or any other matter affecting JCP&L.

DATED: 6/18/12

BOARD OF PUBLIC UTILITIES
BY:



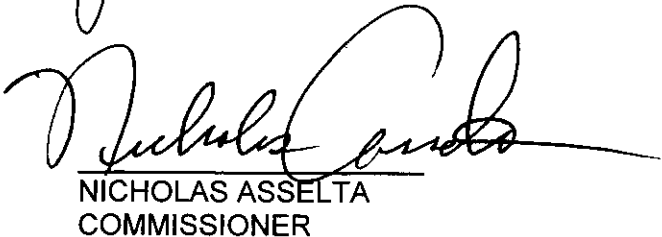
ROBERT M. HANNA
PRESIDENT



JEANNE M. FOX
COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER



NICHOLAS ASSELTA
COMMISSIONER



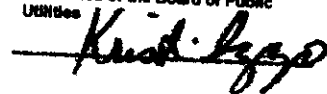
MARY-ANNA HOLDEN
COMMISSIONER

ATTEST:



KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



DOCKET NO. EO12030222
SERVICE LIST

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