



PHIL MURPHY
GOVERNOR

SHEILA OLIVER
LT. GOVERNOR

State of New Jersey
BOARD OF PUBLIC UTILITIES
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Trenton, New Jersey 08625-0350
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Joseph L. Fiordaliso
President

Mary-Anna Holden
Commissioner

Dianne Solomon
Commissioner

Bob Gordon
Commissioner

Zenon Christodoulou
Commissioner

August 26, 2022

TO THE SERVICE LIST:

RE: IN THE MATTER OF THE VERIFIED PETITION OF JERSEY CENTRAL POWER & LIGHT COMPANY FOR THE REVIEW AND APPROVAL OF COSTS INCURRED FOR ENVIRONMENTAL REMEDIATION OF MANUFACTURED GAS PLANT SITES PURSUANT TO THE REMEDIATION ADJUSTMENT CLAUSE OF ITS FILED TARIFF ("2020 RAC FILING")

DOCKET NO. ER21101155

DECISION AND ORDER APPROVING STIPULATION DATED AUGUST 17, 2022

Please be advised that the Board is redistributing the above referenced Order with the following changes:

On page 6 of the Order, under DISCUSSION AND FINDINGS, the Order incorrectly Orders JCP&L to:

The Board **HEREBY ORDERS** that the Company increase its RAC rate to \$0.000806 per kWh before SUT to become effective August 1, 2022 and shall remain in effect until further Order of the Board.

That Order has been corrected as follows:

The Board **HEREBY ORDERS** that the Company increase its RAC rate to \$0.000806 per kWh before SUT to become effective September 1, 2022 and shall remain in effect until further Order of the Board.

Also on page 6 of the Order, under DISCUSSION AND FINDINGS, the Order incorrectly directs JCP&L to:

The Board **HEREBY DIRECTS** the Company to file revised tariff sheets that conform to the terms and conditions of this Order by July 29, 2022.

This direction has been corrected as follows:

The Board **HEREBY DIRECTS** the Company to file revised tariff sheets that conform to the terms and conditions of this Order by August 29, 2022.

These are the only changes to the issued Order which will be redistributed to the parties of record and the attached service list.

Sincerely,

Carmen D. Diaz

Carmen D. Diaz,
Acting Secretary



Agenda Date: 8/17/22
Agenda Item: 2A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st 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 FOR)
THE REVIEW AND APPROVAL OF COSTS INCURRED)
FOR ENVIRONMENTAL REMEDIATION OF)
MANUFACTURED GAS PLANT SITES PURSUANT TO)
THE REMEDIATION ADJUSTMENT CLAUSE OF ITS)
FILED TARIFF ("2020 RAC FILING"))

DECISION AND ORDER
APPROVING STIPULATION

DOCKET NO. ER21101155

Parties of Record:

Joshua R. Eckert, Esq., FirstEnergy Service Company, Petitioner, Jersey Central Power & Light Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On October 1, 2021, Jersey Central Power & Light Company ("JCP&L" or "Company") filed a petition ("2020 RAC Petition") with the New Jersey Board of Public Utilities ("Board") seeking review and approval of actual costs and expenditures incurred by JCP&L related to the environmental remediation of its former manufactured gas plant ("MGP") sites for the period January 1, 2020 through December 31, 2020 ("2020 RAC Period"). In the 2020 RAC Petition, the Company proposed to increase the Remediation Adjustment Charge ("RAC") component of the Company's Societal Benefits Charge ("SBC"). By this Decision and Order, the Board considers a stipulation of settlement ("Stipulation") executed by JCP&L, Board Staff ("Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") which seeks to resolve the 2020 RAC Petition.

BACKGROUND AND PROCEDURAL HISTORY

JCP&L's RAC is a separate component of the SBC that allows for the recovery of reasonably incurred MGP remediation program costs ("MGP Costs") amortized over a seven (7) year rolling average period, and carrying charges tied to interest on seven (7) year treasuries plus 60 basis points.

In the 2020 RAC Petition, the Company included actual MGP data for the 2020 RAC Period, and expenditures incurred in connection to its MGP sites. The 2020 net annual recoverable MGP expenses were \$1.439 million calculated below:

Jersey Central Power & Light Company			
Derivation of Manufactured Gas Plant (MGP) Remediation Adjustment Charge (RAC)			
	Through 12/31/2019	Year 2020	Total as of 12/31/20
<u>Derivation of Tariff Rider RAC</u>			
Total Recoverable MGP remediation expense	\$118,488,174	\$12,363,665	\$130,851,839
Less: Fully Amortized Layer at 12/31/19	(\$20,379,454)		(\$20,379,454)
Ending under-recovered deferred RAC balances		(\$2,291,806)	(\$2,291,806)
Total Recoverable MGP remediation costs including under recovery	\$98,108,720	\$10,071,858	\$108,180,578
RAC Recovery Period (years)	7	7	7
Net annual recoverable MGP expenses	\$14,015,531	\$1,438,837	\$15,454,368
Retail Sales Forecasted (MWh)			\$19,185,264
Calculated RAC factor (\$ per kWh) before SUT			\$0.000806
RAC factor currently in effect (\$ per kWh)			\$0.000704
Calculated increase/(decrease) in RAC Factor (\$ per kWh) before SUT			\$0.000102
Proposed Rider RAC revenue increase			\$1,956,897

In accordance with previous Board Orders, the 2020 RAC Period costs of approximately \$10.072 million was to be amortized over a period of seven (7) years. The total annual net recovery amount was approximately \$15.454 million representing one seventh of each of the RAC expenditures in the years for each applicable seven (7) year amortization period, plus the amortization of the deferred RAC expenditures at December 31, 2020. After applying the forecasted retail sales volumes for the 12 months ending December 31, 2022, the resultant increase to the Rider RAC rate would be \$0.000102 kilowatt-hour ("kWh") [excluding Sales and Use Tax ("SUT")], and an increase of approximately \$1.957 million in annual revenues.

After publication of notice in the Company's service territory, public hearings in this matter were held on January 6, 2022, at 1:00 p.m. and 4:00 p.m.¹ No members of the public attended the public hearings or submitted written comments with the Board.

¹ Due to COVID-19 pandemic, public hearings were conducted telephonically.

STIPULATION

Following a review of the 2020 RAC Petition and conducting discovery, the Parties executed the Stipulation, which provides for the following:²

1. The resulting net deferred RAC account balance at December 31, 2020, after deduction of such NRD-related and incentive compensation costs, was \$108,180,578, as shown in the following chart:

Jersey Central Power & Light Company
 Manufactured Gas Plant Remediation Adjustment Clause (RAC)

	YEAR 2011	YEARS 2012-2014	YEAR 2015	YEAR 2016	YEAR 2017	YEAR 2018	YEAR 2019	YEAR 2020	Balances through YEAR 2020
Actual Expenditures ¹	7,700,028	34,539,907	7,893,897	13,621,248	26,063,647	16,629,985	8,983,474	11,210,112	126,632,298
NRD Expenses Included Above ²	33,404	182,593	98,616	51,947	3,217	(1,196)	-	-	368,581
Incentive Compensation Incl. Above	10,874	28,452	13,248	13,551	12,722	9,922	14,062	14,815	117,646
Net Recoverable Costs	7,655,750	34,328,862	7,772,033	13,555,750	26,047,708	16,621,259	8,969,412	11,195,297	126,146,071
Carrying Charges	474,978	1,589,722	851,961	1,016,079	1,367,586	1,975,403	1,716,401	1,168,367	10,160,497
Total Including Carrying Cost	8,130,728	35,918,584	8,623,994	14,571,829	27,415,294	18,596,662	10,685,813	12,363,664	136,306,568
SBC Over-Recovery Application ³						(17,256,349)	(4,629,843)		(21,886,192)
SRC Over-Recovery Application ⁴							(3,947,932)		(3,947,932)
Subtotal									110,472,384
End'g Under-recovered Dfd RAC Bal.								(2,291,806)	(2,291,806)
Recoverable Bal. at Dec. 31, 2020									108,180,578

Notes:

- ¹ Net of insurance proceeds, revenue previously collected through base rates and write-off in accordance with BPU Order, Docket No. ER03121020.
- ² The Company maintains that it is entitled to retain NRD-related costs totaling approximately \$76,000 from 2003-2004.
- ³ The application of other over-recovered SBC components, in accordance with JCP&L Tariff Rider SBC, is first applied to the deferred carrying cost and next applied to deferred cost.
- ⁴ In accordance with the BPU's Order adopting the Stipulation of Settlement in the 2018-2019 SRC Filing in Docket No. ER19010661, dated July 10, 2019, requiring JCP&L apply any net ending over/under-recovered balance in the Rider SRC deferred balance to the largest under-recovered component of the Rider SBC deferred balance, which was the Rider RAC component.

2. The Company represents that no remediation properties were sold during the RAC remediation period for which the current RAC rate is being established. The Company also represents that any revenues it received from the lease of any remediation properties during the 2020 RAC Period were credited to the deferred RAC balance.

3. The Parties agree that the Company's ending deferred recoverable RAC balance at December 31, 2020 was an under-recovered balance of \$108,180,578. In addition to the deferred RAC net balance at December 31, 2020 of \$108,180,578 referred to above,

² Should there be any contradiction between the terms of this summary and the terms of the Stipulation, the terms of the Stipulation control, subject to the finding and conclusion in this Order. Paragraphs are lettered and/or numbered to coincide with the Stipulation.

JCP&L deferred (i) \$803,654 of costs related to NRD issues from 2005 through 2020, and (ii) \$221,397 of incentive compensation paid to personnel who worked on RAC matters from 2006 through 2020. The Parties agree that it is appropriate for such NRD-related and incentive compensation costs to be deferred. The Company represents that the Stipulation does not include the recovery of any administrative, legal, consulting or other costs associated with NRD claims currently being investigated by the New Jersey Department of Environmental Protection, or any costs associated with the incentive compensation referenced above. The Parties accordingly stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the Company's RAC filings, of NRD damages or related costs or of incentive compensation amounts, if any.

4. The Parties agree that no NRD-related MGP expenditures were incurred during the 2020 RAC Period and, therefore, none are included in the \$108,180,578 recoverable deferred RAC balance as of December 31, 2020. The Parties also agree that the incentive compensation of \$14,815 incurred during the 2020 RAC Period is not included in the \$108,180,578 recoverable deferred RAC balance as of December 31, 2020. Further, the Parties agree that the deferred NRD and incentive compensation amounts have been excluded from the RAC factors set forth in the Stipulation. The Parties expressly reserve their rights to argue their respective positions on these issues in future proceedings, as appropriate.

5. The Company claims that it is entitled to retain NRD-related costs totaling approximately \$76,000 from two (2) previous RAC years, 2003 and 2004. It is Rate Counsel's and Staff's position that NRD-related costs are not included within the scope of the Board's RAC recovery authorization, and therefore, are not eligible for recovery through utility RAC clauses. JCP&L does not agree with Rate Counsel's and Staff's position concerning NRD-related cost recovery, but nonetheless agrees that nothing shall affect or limit the Parties' rights to challenge such NRD-related cost recovery in connection with the Company's previous RAC Filings. JCP&L also reserves its right to contest any such challenge by the Parties. JCP&L further agrees that it will continue to defer NRD-related MGP costs in future RAC filings pending the final Board resolution of the issue concerning the inclusion of NRD-related costs within the scope of the Board's RAC recovery authorization.³ The Parties hereby agree that JCP&L shall be authorized to continue to defer all additional reasonable and prudent MGP remediation costs and expenses incurred and deferred subsequent to December 31, 2020, including NRD-related and incentive compensation costs, together with accrued interest thereon, for review and inclusion in future annual RAC filings and related adjustments to the Company's Rider RAC, subject to the Board's

³ The NRD-related MGP expenditures for the years 2005 through 2020 are as follows (\$):

Year	\$	Year	\$	Year	\$
2005	62,856	2011	33,404	2017	3,217
2006	157,594	2012	83,412	2018	(1,196)
2007	53,434	2013	5,116	2019	0
2008	18,046	2014	94,065	2020	0
2009	89,580	2015	98,616		
2010	53,563	2016	51,947		

review and approval. In accordance with Generally Accepted Accounting Principles ("GAAP") as applied by JCP&L's independent auditors, the deferred RAC balance at December 31, 2020 included certain RAC expense accruals. Although the Parties will continue to review the levels of such accruals in the Company's deferred RAC accounts in future proceedings, the Parties do not object to the use of such GAAP accrual accounting procedures as required by the Company's auditors.

6. The Parties agree that the total recoverable MGP remediation expense for 2020 is \$12.364 million (Appendix A, Attachment A-1, Line 60 of the Stipulation), and when combined with the 2020 over-recovered deferred RAC balance of \$2.291 million (Appendix A, Attachment A-1, line 62 of the Stipulation), and the remaining amortization of prior RAC expenditures previously approved for recovery, the result is an increase of \$0.000102 per kWh (before SUT) in JCP&L's Rider RAC charge to a proposed rate of \$0.000806 per kWh (before SUT) from the current rate of \$0.000704 kWh (before SUT), increasing revenues by approximately \$1.956 million annually. See Attachment A-1, lines 67 through 70 of the Stipulation. A typical residential customer using 783 kWh per month on RS rate will see an average monthly increase of \$0.08 or 0.07% from \$113.72 to \$113.80.
7. Consistent with its agreement in the 2005 RAC Filing Stipulation settling the 2005 Annual RAC Filing, which was approved by the Board by Decision and Order dated April 27, 2009 (Docket No. ER06030258), the Company performs outside legal and community relations activities for the purposes of supporting its remediation program and mitigating potential liabilities related to its remediation program. The Company agrees to continue to provide a description and explanation of the expenses incurred for these services in subsequent RAC filings, with claimed confidential information provided pursuant to a confidentiality agreement.
8. Also, consistent with the 2005 RAC Filing Stipulation, the Company agrees to continue to maintain a complaint log for each MGP site that will provide details about complaints (exclusive of formal legal claims or lawsuits) received from property owners, neighboring residents and municipal officials, and a description of the Company's actions responding to the complaints.
9. The Company agrees that it will continue to include with its RAC filings responses to the minimum filing requirements ("MFRs") as set forth in Exhibit A to the 2006-2008 RAC Filing Stipulation settling the 2006-2008 RAC Filing, approved by Board Decision and Order dated March 9, 2011 (Docket No. ER09030194). A list of these MFRs is attached to the Stipulation as Appendix B.
10. Consistent with the 2006-2008 RAC Filing Stipulation, the Company will competitively bid remediation projects expecting to cost in excess of \$250,000 with respect to work at existing sites or work at any new sites identified in the future. If competitive bidding is not utilized as provided in this Paragraph 10 of the Stipulation, the Company will be required to show that competitive bidding was not practical or advantageous under the circumstances.
11. Also, consistent with the 2006-2008 RAC Filing Stipulation, the Company will make annual RAC filings, which will not be combined with any SBC filings, regardless of whether it is seeking any change in its RAC recovery rate.

12. Also, consistent with the 2006-2008 RAC Filing Stipulation, the Company agrees to provide a final reconciliation of its annual RAC factor recovery within 90 days of the completion of each RAC recovery year, which reconciliation will include the calculation of actual sales volumes that recovered the RAC factor and the resultant net expense or credit amount which is to be carried over to the next recovery year. Implementation and/or adjustment of the RAC factor is subject to the Parties' review of JCP&L's RAC expenditures and reconciliation thereof in JCP&L's future RAC and/or SBC proceedings.
13. The Parties agree that the terms of this Stipulation shall be deemed to resolve all factual and legal issues relating to the determination of all amounts that were or could have been included in the calculation of JCP&L's deferred RAC balance through and at December 31, 2020 except as described in paragraphs 3, 4, and 5 of the Stipulation with respect to NRD-related costs and incentive compensation costs.
14. JCP&L agrees to file its next annual RAC Filing for the period January 1, 2021 through December 31, 2021 no later than October 1, 2022.

DISCUSSION AND FINDINGS

The Board reviewed the record in this matter, including the 2020 RAC Petition, discovery, and the Stipulation. The Board **HEREBY FINDS** the Stipulation to be reasonable and in the public interest, being persuaded that the MGP Costs were thoroughly reviewed. The Board **FURTHER FINDS** that the Company's MGP remediation work performed during the 2020 RAC Period was prudent, and the resulting MGP Costs for the 2020 RAC Period are reasonable and prudent.

Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein. The Board **HEREBY ORDERS** that the Company increase its RAC rate to \$0.000806 per kWh before SUT to become effective September 1, 2022 and shall remain in effect until further Order of the Board. As a result of the Stipulation, a typical residential customer using an average of 783 kWh per month will see their current bill increase by \$0.08 or 0.07% from \$113.72 to \$113.80.

The Board **FURTHER ORDERS** that the NRD related costs of \$803,654, covering the period 2005 through 2020, and \$221,397 for incentive compensation related to the period 2006 through 2020, shall continue to be deferred until such time as the Board addresses the rate recoverability of expenditures related to NRD and incentive compensation via the RAC mechanism.

The Board **FURTHER ORDERS** that the Company continue to defer all additional reasonable and prudent MGP remediation costs and expenses incurred and deferred subsequent to December 31, 2020, including NRD-related and incentive compensation costs, together with accrued interest thereon, for review and inclusion in future RAC filings and related adjustments to the Company's RAC rate.

The Board **HEREBY DIRECTS** the Company to file revised tariff sheets that conform to the terms and conditions of this Order by August 29, 2022.

The Company's costs, including those related to the RAC, shall remain subject to on-going audit by the Board. Additionally, the Company will periodically conduct audits of these expenses. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

The effective date of this Order is August 24, 2022.

DATED: August 17, 2022

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER




DIANNE SOLOMON
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST: 

CARMEN D. DIAZ
ACTING 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 Verified Petition of Jersey Central Power & Light Company for the Review and Approval of Costs Incurred for Environmental Remediation of Manufactured Gas Plant Sites Pursuant to the Remediation Adjustment Clause of Its Filed Tariff ("2020 RAC Filing")

DOCKET NO. ER21101155

SERVICE LIST

<p><u>Board of Public Utilities</u> 44 South Clinton Avenue 9th Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Carmen D. Diaz, Acting Secretary board.secretary@bpu.nj.gov</p> <p>Stacy Peterson, Deputy Executive Director stacy.peterson@bpu.nj.gov</p> <p><u>Office of the General Counsel</u></p> <p>Carol Artale, Esq., Deputy General Counsel carol.artale@bpu.nj.gov</p> <p>Heather Weisband, Esq., Senior Counsel heather.weisband@bpu.nj.gov</p> <p><u>Division of Energy and Water</u></p> <p>Mike Kammer, Director mike.kammer@bpu.nj.gov</p> <p>Paul Lupo, Bureau Chief paul.lupo@bpu.nj.gov</p> <p><u>Jersey Central Power & Light Company</u> 300 Madison Ave Morristown, NJ 07962-1911</p> <p>Mark A. Mader mamader@firstenergycorp.com</p> <p>Frank Lawson flawson@firstenergycorp.com</p> <p>Jennifer Spricigo jspricigo@firstenergycorp.com</p> <p>James O'Toole jotoole@firstenergycorp.com</p> <p>Joshua R. Eckert, Esq. jeckert@firstenergycorp.com</p> <p>Lauren M. Lepkoski, Esq. FirstEnergy Corp. 2800 Pottsville Pike Reading, PA 19612 llepkoski@firstenergycorp.com</p>	<p><u>New Jersey Division of Rate Counsel</u> 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625-0003</p> <p>Brian O. Lipman, Esq., Director blipman@rpa.nj.gov</p> <p>Maura Caroselli, Esq. mcaroselli@rpa.nj.gov</p> <p>T. David Wand, Esq. dwand@rpa.nj.gov</p> <p><u>Division of Law</u> NJ Department of Law and Public Safety Richard J. Hughes Justice Complex Public Utilities Section 25 Market Street, P.O. Box 112 Trenton, NJ 08625-0112</p> <p>Matko Ilic, DAG matko.ilic@law.njoag.gov</p> <p>Pamela Owen, DAG pamela.owen@law.njoag.gov</p> <p>Daren Eppley, DAG daren.eppley@law.njoag.gov</p> <p>Michael Beck, DAG michael.beck@law.njoag.gov</p> <p>Terel Klein, DAG terel.klein@law.njoag.gov</p>
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Joshua R. Eckert, Esq.
(330) 690-8329
(330) 315-9165 (Fax)

August 2, 2022

VIA ELECTRONIC MAIL ONLY

Carmen Diaz, Acting Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue
Trenton, NJ 08625
Board.secretary@bpu.nj.gov

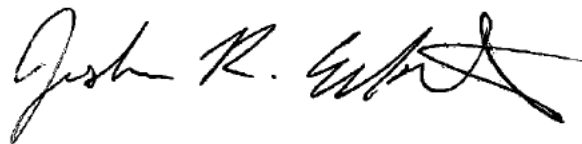
Re: In the Matter of the Verified Petition of Jersey Central Power & Light Company for the Review and Approval of Costs Incurred for Environmental Remediation of Manufactured Gas Plant Sites Pursuant to the Remediation Adjustment Clause of Its Filed Tariff (“2020 RAC Filing”)

Stipulation of Settlement
BPU Docket No. ER21101155

Dear Acting Secretary Diaz:

Attached please find for filing a fully executed Stipulation of Settlement in the above-referenced matter. This Stipulation of Settlement fully resolves this matter. Copies of this filing are being provided by electronic mail only. No physical copies will follow. Please kindly confirm your receipt and acceptance of this filing by electronic mail at your earliest convenience.

Respectfully submitted,



Joshua R. Eckert
Counsel for Jersey Central Power & Light Company

cc: Email Distribution

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

In the Matter of the Verified Petition of Jersey :
Central Power & Light Company for the :
Review and Approval of Costs Incurred for : **STIPULATION OF SETTLEMENT**
Environmental Remediation of Manufactured :
Gas Plant Sites Pursuant to the Remediation :
Adjustment Clause of Its Filed Tariff (“2020 :
RAC Filing”) : BPU Docket No. ER21101155

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

APPEARANCES:

Joshua R. Eckert, Esq., FirstEnergy Service Company, Petitioner, Jersey Central Power & Light Company

T. David Wand, Esq., Managing Attorney - Electric, **Brian Weeks**, Deputy Rate Counsel, and **Bethany Rocque-Romaine**, Assistant Deputy Rate Counsel, Division of Rate Counsel (**Brian O. Lipman, Esq.**, Director)

Steven Chaplar, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Matthew J. Platkin**, Acting Attorney General of New Jersey)

This Stipulation of Settlement (“Stipulation”) is hereby made and executed as of the dates indicated below by and among the Petitioner, Jersey Central Power & Light Company (“JCP&L” or “Company”), the Staff of the New Jersey Board of Public Utilities (“Staff”), and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively, “Parties”).

The Parties do hereby join in recommending that the New Jersey Board of Public Utilities (“Board”) issue an Order approving the Stipulation, based upon the following terms:

Background

On October 1, 2021, JCP&L filed a Verified Petition with the Board, including supporting schedules, seeking review and approval of costs incurred for environmental remediation of manufactured gas plant sites pursuant to the Remediation Adjustment Clause (“RAC”) of its filed Tariff (“2020 RAC Filing”). The RAC is a component of the Company’s Societal Benefits Charge (“SBC”). The 2020 RAC Filing proposed an increase to the Rider RAC Tariff Rate to increase recovery by \$1.957 million annually.

The 2020 RAC Filing provided an opportunity for the Parties to conduct a review of all actual costs and expenditures incurred by JCP&L relating to environmental remediation of its former manufactured gas plant (“MGP”) sites for the period of January 1, 2020 through December 31, 2020 (“2020 RAC Period”). As indicated in Appendix A to the Stipulation, JCP&L’s incremental expenses incurred in connection with its MGP remediation program during calendar year 2020 equal \$11.210 million. The Company’s carrying costs for calendar year 2020 are \$1.168 million, leaving a net balance of unrecovered MGP costs at December 31, 2020 of \$12.364 million (after the removal of costs related to incentive compensation of \$0.014 million).

JCP&L proposed to continue to defer costs related to Natural Resource Damages (“NRD”) and incentive compensation costs, but not to recover such NRD-related and incentive compensation costs, including interest, until there is a final resolution of the issue concerning the appropriateness of recovery of these costs within the scope of the Board’s RAC recovery mechanism.

Altogether, when combining the 2020 over-recovered deferred RAC balance of \$2.292 million (Appendix A, Attachment A-1, line 62), the total recoverable MGP remediation expense of \$12.364 million (Appendix A, Attachment A-1, line 60), and the remaining amortization of prior RAC expenditures previously approved for recovery, the result is an increase of \$0.000102 per kilowatt-hour (“kWh”) (before Sales and Use Tax (“SUT”)) in JCP&L’s Rider RAC charge to

a proposed rate of \$0.000806 per kWh (before SUT) from the current rate of \$0.000704 per kWh (before SUT), increasing revenues by approximately \$1.957 million annually. See Appendix A, Attachment A-1, Lines 67 through 70.

Following the filing of the 2020 RAC Filing, the Parties engaged in discovery. Based thereon, the Parties have agreed to resolve the 2020 RAC Filing in accordance with the terms set forth below.

Stipulation

1. The resulting net deferred RAC account balance at December 31, 2020, after deduction of such NRD-related and incentive compensation costs, was \$108,180,578, as shown in the following chart:

Jersey Central Power & Light Company
Manufactured Gas Plant Remediation Adjustment Clause (RAC)

	YEAR 2011	YEARS 2012-2014	YEAR 2015	YEAR 2016	YEAR 2017	YEAR 2018	YEAR 2019	YEAR 2020	Balances through YEAR 2020
Actual Expenditures ¹	7,700,028	34,539,907	7,883,897	13,621,248	26,063,647	16,629,985	8,983,474	11,210,112	126,632,298
NRD Expenses Included Above ²	33,404	182,593	98,616	51,947	3,217	(1,196)	-	-	368,581
Incentive Compensation Incl. Above	10,874	28,452	13,248	13,551	12,722	9,922	14,062	14,815	117,646
Net Recoverable Costs	7,655,750	34,328,862	7,772,033	13,555,750	26,047,708	16,621,259	8,969,412	11,195,297	126,146,071
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Total Including Carrying Cost	8,130,728	35,918,584	8,623,994	14,571,829	27,415,294	18,596,662	10,685,813	12,363,664	136,306,568
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SRC Over-Recovery Application ⁴							(3,947,992)		(3,947,992)
Subtotal									110,472,384
End'g Under-recovered Dfd RAC Bal.								(2,291,806)	(2,291,806)
Recoverable Bal. at Dec. 31, 2020									108,180,578

Notes:

¹ Net of insurance proceeds, revenue previously collected through base rates and write-off in accordance with BPU Order, Docket No. ER03121020.

² The Company maintains that it is entitled to retain NRD-related costs totaling approximately \$76,000 from 2003-2004.

³ The application of other over-recovered SBC components, in accordance with JCP&L Tariff Rider SBC, is first applied to the deferred carrying cost and next applied to deferred cost.

⁴ In accordance with the BPU's Order adopting the Stipulation of Settlement in the 2018-2019 SRC Filing in Docket No. ER19010661, dated July 10, 2019, requiring JCP&L apply

any net ending over/under-recovered balance in the Rider SRC deferred balance to the largest under-recovered component of the Rider SBC deferred balance, which was the Rider RAC component.

2. The Company represents that no remediation properties were sold during the RAC remediation period for which the current RAC rate is being established. The Company also represents that any revenues it received from the lease of any remediation properties during the 2020 RAC Period were credited to the deferred RAC balance.

3. The Parties agree that the Company's ending deferred recoverable RAC balance at December 31, 2020 was an under-recovered balance of \$108,180,578. In addition to the deferred RAC net balance at December 31, 2020 of \$108,180,578 referred to above, JCP&L deferred (i) \$803,654 of costs related to NRD issues from 2005 through 2020,¹ and (ii) \$221,397 of incentive compensation paid to personnel who worked on RAC matters from 2006 through 2020. The Parties agree that it is appropriate for such NRD-related and incentive compensation costs to be deferred. The Company represents that this Stipulation does not include the recovery of any administrative, legal, consulting or other costs associated with NRD claims currently being investigated by the New Jersey Department of Environmental Protection, or any costs associated with the incentive compensation referenced above. The Parties accordingly stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the Company's RAC filings, of NRD damages or related costs or of incentive compensation amounts, if any.

4. The Parties agree that no NRD-related MGP expenditures were incurred during the 2020 RAC Period and, therefore, none are included in the \$108,180,578 recoverable deferred RAC balance as of December 31, 2020. The Parties also agree that the incentive compensation of \$14,815 incurred during the 2020 RAC Period is not included in the \$108,180,578 recoverable deferred RAC balance as of December 31, 2020. Further, the Parties agree that the deferred NRD and incentive compensation amounts have been excluded from the RAC factors set forth herein above.

¹ These NRD-related costs are detailed in the chart in footnote 2 below.

The Parties expressly reserve their rights to argue their respective positions on these issues in future proceedings, as appropriate.

5. The Company claims that it is entitled to retain NRD-related costs totaling approximately \$76,000 from two (2) previous RAC years, 2003 and 2004. It is Rate Counsel’s and Staff’s position that NRD-related costs are not included within the scope of the Board’s RAC recovery authorization, and therefore, are not eligible for recovery through utility RAC clauses. JCP&L does not agree with Rate Counsel’s and Staff’s position concerning NRD-related cost recovery, but nonetheless agrees that nothing shall affect or limit the Parties’ rights to challenge such NRD-related cost recovery in connection with the Company’s previous RAC Filings. JCP&L also reserves its right to contest any such challenge by the Parties. JCP&L further agrees that it will continue to defer NRD-related MGP costs in future RAC filings pending the final Board resolution of the issue concerning the inclusion of NRD-related costs within the scope of the Board’s RAC recovery authorization.² The Parties hereby agree that JCP&L shall be authorized to continue to defer all additional reasonable and prudent MGP remediation costs and expenses incurred and deferred subsequent to December 31, 2020, including NRD-related and incentive compensation costs, together with accrued interest thereon, for review and inclusion in future annual RAC filings and related adjustments to the Company’s Rider RAC, subject to the Board’s review and approval

² The NRD-related MGP expenditures for the years 2005 through 2020 are as follows (\$):

Year	\$	Year	\$	Year	\$
2005	62,856	2011	33,404	2017	3,217
2006	157,594	2012	83,412	2018	(1,196)
2007	53,434	2013	5,116	2019	0
2008	18,046	2014	94,065	2020	0
2009	89,580	2015	98,616		
2010	53,563	2016	51,947		

for recoverability, reasonableness and prudence. In accordance with Generally Accepted Accounting Principles (“GAAP”) as applied by JCP&L’s independent auditors, the deferred RAC balance at December 31, 2020 included certain RAC expense accruals. Although the Parties will continue to review the levels of such accruals in the Company’s deferred RAC accounts in future proceedings, the Parties do not object to the use of such GAAP accrual accounting procedures as required by the Company’s auditors.

6. The Parties agree that the total recoverable MGP remediation expense for 2020 is \$12.364 million (Appendix A, Attachment A-1, Line 60), and when combined with the 2020 over-recovered deferred RAC balance of \$2.291 million (Appendix A, Attachment A-1, line 62), and the remaining amortization of prior RAC expenditures previously approved for recovery, the result is an increase of \$0.000102 per kWh (before SUT) in JCP&L’s Rider RAC charge to a proposed rate of \$0.000806 per kWh (before SUT) from the current rate of \$0.000704 kWh (before SUT), increasing revenues by approximately \$1.956 million annually. *See* Attachment A-1, lines 67 through 70. A typical residential customer using 783 kWh per month on the RS rate will see an average monthly increase of \$0.08, or 0.07%, from \$113.72 to \$113.80.

7. Consistent with its agreement in the 2005 RAC Filing Stipulation settling the 2005 Annual RAC Filing, which was approved by the Board by Decision and Order dated April 27, 2009 (Docket No. ER06030258), the Company performs outside legal and community relations activities in a prudent and reasonable manner for the purposes of supporting its remediation program and mitigating potential liabilities related to its remediation program. The Company agrees to continue to provide a description and explanation of the expenses incurred for these services in subsequent RAC filings, with claimed confidential information provided pursuant to a confidentiality agreement.

8. Also, consistent with the 2005 RAC Filing Stipulation, the Company agrees to

continue to maintain a complaint log for each MGP site that will provide details about complaints (exclusive of formal legal claims or lawsuits) received from property owners, neighboring residents and municipal officials, and a description of the Company's actions responding to the complaints.

9. The Company agrees that it will continue to include with its RAC filings responses the minimum filing requirements ("MFRs") as set forth in Exhibit A to the 2006-2008 RAC Filing Stipulation settling the 2006-2008 RAC Filing, approved by Board Decision and Order dated March 9, 2011 (Docket No. ER09030194). A list of these MFRs is attached hereto as Appendix B.

10. Consistent with the 2006-2008 RAC Filing Stipulation, the Company will competitively bid remediation projects expected to cost in excess of \$250,000 with respect to work at existing sites or work at any new sites identified in the future. If competitive bidding is not utilized as provided in this Paragraph 10, the Company will be required to show that competitive bidding was not practical or advantageous under the circumstances.

11. Also, consistent with the 2006-2008 RAC Filing Stipulation, the Company will make annual RAC filings, which will not be combined with any SBC filings, regardless of whether it is seeking any change in its RAC recovery rate.

12. Also, consistent with the 2006-2008 RAC Filing Stipulation, the Company agrees to provide a final reconciliation of its annual RAC factor recovery within 90 days of the completion of each RAC recovery year, which reconciliation will include the calculation of actual sales volumes that recovered the RAC factor and the resultant net expense or credit amount which is to be carried over to the next recovery year. Implementation and/or adjustment of the RAC factor is subject to the Parties' review of JCP&L's RAC expenditures and reconciliation thereof in JCP&L's future RAC and/or SBC proceedings.

13. The Parties agree that the terms of this Stipulation shall be deemed to resolve all factual and legal issues relating to the determination of all amounts that were or could have been included in the calculation of JCP&L's deferred RAC balance through and at December 31, 2020 except as described in paragraphs 3, 4, and 5 above with respect to NRD-related costs and incentive compensation costs.

14. JCP&L agrees to file its next annual RAC Filing for the period January 1, 2021 through December 31, 2021 no later than October 1, 2022.

Conclusion

15. The Parties agree that this Stipulation contains mutual balancing and interdependent clauses and is intended to be accepted and approved in its entirety. In the event any particular provision of this Stipulation is not accepted and approved in its entirety by the Board, or is modified by a court of competent jurisdiction, then any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right, upon written notice to be provided to all other Parties within ten days after receipt of any such adverse decision, to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board in an appropriate Order, or is modified by a court of competent jurisdiction, then any Party hereto is free, upon the timely provision of such written notice, to pursue its then available legal remedies with respect to all issues addressed in this Stipulation, as though this Stipulation had not been signed.

16. The Parties agree that this Stipulation shall be binding on them for all purposes herein.

17. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and, except as otherwise expressly provided for herein:

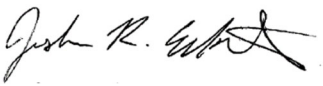
- a. By executing this Stipulation, no Party waives any rights it possesses under

any prior stipulation, except where the terms of this Stipulation supersede such prior stipulation.

- b. The contents of this Stipulation shall not in any way be considered, cited or used by any of the undersigned Parties as an indication of any Party's position on any related or other issue litigated in any other proceeding or forum, except to enforce the terms of this Stipulation.

18. This Stipulation may be executed in any number of counterparts, each of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties.

WHEREFORE, the Parties hereto have duly executed and do respectfully submit this Stipulation to the Board, and recommend that the Board issue a Final Decision and Order adopting and approving this Stipulation in its entirety in accordance with the terms hereof. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

<p>Jersey Central Power & Light Company</p> <p>By: </p> <p>_____ Joshua R. Eckert</p> <p>Dated: July 28, 2022</p>	<p>Matthew J. Platkin Acting Attorney General of New Jersey Attorney for Staff of the Board of Public Utilities</p> <p>By: _____ Steven Chaplar Deputy Attorney General</p> <p>Dated:</p>
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Brian O. Lipman, Esq.
Director, **Division of Rate Counsel**

By: _____
T. David Wand, Esq.
Deputy Rate Counsel

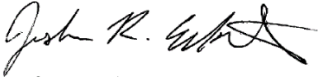

Dated: _____

any prior stipulation, except where the terms of this Stipulation supersede such prior stipulation.

- b. The contents of this Stipulation shall not in any way be considered, cited or used by any of the undersigned Parties as an indication of any Party's position on any related or other issue litigated in any other proceeding or forum, except to enforce the terms of this Stipulation.

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<p>Jersey Central Power & Light Company</p> <p>By: </p> <hr/> <p>Joshua R. Eckert</p> <p>Dated: July 28, 2022</p>	<p>Matthew J. Platkin Acting Attorney General of New Jersey Attorney for Staff of the Board of Public Utilities</p> <p>By: </p> <hr/> <p>Steven Chaplar Deputy Attorney General</p> <p>Dated: July 29, 2022</p>
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Brian O. Lipman, Esq.
Director, **Division of Rate Counsel**

By: _____
T. David Wand, Esq.
Deputy Rate Counsel

Dated: _____

Brian O. Lipman, Esq.
Director, **Division of Rate Counsel**

By: *Brian O. Lipman*
~~T. David Wand, Esq.~~ *Brian O. Lipman*
~~Deputy Rate Counsel~~ *Director*

Dated: *8/11/2022*

JERSEY CENTRAL POWER & LIGHT COMPANY
Derivation of Manufactured Gas Plant (MGP) Remediation Adjustment Charge (RAC)
For Tariff Rider Effective January 1, 2022

Line No.	Through 12/31/2019 (1)	Year 2020 (2)	Total as of 12/31/2020 (3)	Data Sources
MGP Remediation Costs				
1	\$ 50,166,335			
2	(150,892)			
3	<u>(29,097,165)</u>			
4	\$ 20,918,278			Footnote (b) Line Nos. 1 through 3
5	435,073			Footnote (c)
6	<u>103,751</u>			Footnote (d) ER10020130 (6/15/11) & ER11030141 (3/12/12)
7	<u>\$ 20,379,454</u>			
8	\$ 7,700,028			ER12080751 (11/21/2014)
9	474,978			ER12080751 (11/21/2014)
10	<u>\$ 8,175,006</u>			Line Nos. 8 + 9
11	33,404			Footnote (c)
12	10,874			Footnote (d)
13	<u>\$ 8,130,728</u>			ER12080751 (11/21/2014)
14	\$ 34,539,907			ER15040499
15	1,589,722			ER15040499
16	<u>36,129,629</u>			Line Nos. 14 + 15
17	182,593			Footnote (c)
18	28,452			Footnote (d)
19	<u>\$ 35,918,584</u>			ER15040499 (07/29/2016)
20	\$ 7,883,897			ER16090922
21	851,961			ER16090922
22	<u>\$ 8,735,858</u>			Line Nos. 20 + 21
23	98,616			Footnote (c)
24	13,248			Footnote (d)
25	<u>\$ 8,623,994</u>			ER16090922 (11/21/17)
26	\$ 13,621,248			ER17111191
27	1,016,079			ER17111191
28	<u>\$ 14,637,327</u>			Line Nos. 26 + 27
29	51,947			Footnote (c)
30	13,551			Footnote (d)
31	<u>\$ 14,571,829</u>			ER17111191 (06/22/18)
32	\$ 26,063,647			ER18080965 (Attmt B Revised)
33	1,367,586			ER18080965 (Attmt G Revised)
34	<u>\$ 27,431,233</u>			Line Nos. 32 + 33
35	3,217			Footnote (c)
36	12,722			Footnote (d)
37	<u>\$ 27,415,294</u>			ER18080965 (10/25/19)
38	\$ 16,629,984			ER19101332
39	1,975,403			ER19101332
40	<u>(17,256,349)</u>			Footnote (b)
41	<u>\$ 1,349,038</u>			Line Nos. 38 + 39 + 40
42	(1,196)			Footnote (c)
43	9,922			Footnote (d)
44	<u>\$ 1,340,313</u>			ER19101332 (05/15/20)
45	\$ 8,983,474			ER20100628
46	1,716,401			ER20100628
47	(3,947,992)			Footnote (e)
48	<u>(4,629,843)</u>			Footnote (b)
49	<u>\$ 2,122,040</u>			Line Nos. 45 + 46 + 47 + 48
50	-			Footnote (c)
51	14,062			Footnote (d)
52	<u>\$ 2,107,978</u>			ER20100628 (02/27/21)
53		\$ 11,210,113		Attachment B / Footnote (f)
54		<u>1,168,367</u>		Attachment G / Footnote (f)
55		<u>\$ 12,378,480</u>		Line Nos. 53 + 54
56		-		Footnote (c)
57		14,815		Footnote (d)
58		<u>\$ 12,363,665</u>		Line Nos. 55 less 56 & 57
59	<u>\$ 118,488,174</u>	<u>\$ 12,363,665</u>	<u>\$ 130,851,839</u>	Columns (1) through (3)

JERSEY CENTRAL POWER & LIGHT COMPANY
Derivation of Manufactured Gas Plant (MGP) Remediation Adjustment Charge (RAC)
For Tariff Rider Effective January 1, 2022

Derivation of Tariff Rider RAC:					
60	Total recoverable MGP remediation expenses	\$ 118,488,174	\$ 12,363,665	\$ 130,851,839	Line 59
61	Less: Fully Amortized Layer (Line 7) at 12/31/2019	(20,379,454)		(20,379,454)	
62	Ending over-recovered deferred RAC balances		(2,291,806)	(2,291,806)	Attachment A-2 p.2 (22)
63	Total recoverable MGP remediation costs incl. under-recovery	\$ 98,108,720	\$ 10,071,858	\$ 108,180,578	Line Nos. 60 + 61 + 62
64	RAC recovery period (years)	7	7	7	ER91121820J 12/16/94 Order
65	Net annual recoverable MGP expenses	<u>\$ 14,015,531</u>	<u>\$ 1,438,837</u>	<u>\$ 15,454,368</u>	Line 63 divided by Line 64
66	Retail Sales forecasted (MWh)			19,185,264	12 mos. Ended 12/31/22
67	Calculated RAC factor (\$ per kWh) before SUT			\$ 0.000806	Line 65 divided by Line 66
68	RAC factor currently in effect (\$ per kWh)			\$ 0.000704	Rider RAC effective 3/1/21
69	Calculated increase in RAC Factor (\$ per kWh) before SUT			\$ 0.000102	Line 67 - Line 68
70	Proposed Rider RAC revenue increase effective 1/1/22			<u>\$ 1,956,897</u>	Line 66 x Line 69

JERSEY CENTRAL POWER & LIGHT COMPANY
Derivation of Manufactured Gas Plant (MGP) Remediation Adjustment Charge (RAC)
For Tariff Rider Effective January 1, 2022

FOOTNOTES:

- (a) Total cost incurred is net of:
 (1) Write-off in accordance with RAC Stipulation and BPU Order ER03121020 (\$2,500,000);
 (2) Insurance proceeds received (\$36,100,000);
 (3) MGP revenue previously collected through base rates (\$16,877,403).

- (b) Application of over-recovered SBC components at year-end in accordance with Tariff Rider SBC:

	Annual	Cumulative
2004	\$ (6,424,026)	
2005	(2,639,759)	
2006	(2,401,577)	
2007	(5,621,172)	
2008	(2,640,262)	
2009	(1,523,158)	
2010	(7,847,211)	\$ (29,097,165)
2011	-	(29,097,165)
2012	-	(29,097,165)
2013	-	(29,097,165)
2014	-	(29,097,165)
2015	-	(29,097,165)
2016	-	(29,097,165)
2017	-	(29,097,165)
2018	(17,256,349)	(46,353,513)
2019	(4,629,843)	(50,983,356)
2020	-	(50,983,356)

- (c) NRD Expenses incurred by year:

	Annual	Cumulative
2005	\$ 62,856	
2006	157,594	
2007	53,434	
2008	18,046	
2009	89,580	
2010	53,563	\$ 435,073
2011	33,404	468,477
2012	83,412	551,889
2013	5,116	557,005
2014	94,065	651,070
2015	98,616	749,686
2016	51,947	801,633
2017	3,217	804,850
2018	(1,196)	803,654
2019	-	803,654
2020	-	803,654

- (d) ICP Costs by year:

	Annual	Cumulative
2006	\$ 27,479	
2007	32,141	
2008	30,346	
2009	-	
2010	13,785	\$ 103,751
2011	10,874	114,625
2012	11,328	125,953
2013	10,259	136,212
2014	6,865	143,077
2015	13,248	156,325
2016	13,551	169,876
2017	12,722	182,598
2018	9,922	192,520
2019	14,062	206,582
2020	14,815	221,397

- (e) Per the BPU's Order in Docket No. ER20010089, dated May 20, 2020, that adopted the Stipulation of Settlement ("SOS") in JCP&L's final annual filing with respect to its Storm Recovery Charge Rider ("Final 2019 SRC Filing") in its entirety, and incorporated the terms and conditions of the SOS as though fully set forth in its Order. In the BPU-approved SOS, it was agreed that JCP&L's Final 2019 SRC Filing was the final true-up of the Rider SRC balance and that the ending deferred balance in Rider SRC at December 31, 2019, was an over-recovery of \$3,947,992, including carrying costs of \$302,742. The Parties further agreed that, in accordance with the July 2019 Order, the ending deferred balance in Rider SRC was applied to Rider RAC, which was the largest under-recovered component of the Company's SBC deferred balance at the time of the filing of the Company's January 2020 Petition.

- (f) The 2020 Total MGP remediation costs incurred (Lines 53 and 54 above) have been reduced for 2019 New Jersey Sales & Use Tax adjustments of approximately \$21.5 thousand including interest.

Jersey Central Power & Light Company
RAC Minimum Filing Requirements

As part of the Company's annual RAC filing, the Company will provide responses to the following Minimum Filing Requirements ("MFRs"). The requests, unless noted otherwise, relate to the historical 12-month RAC period. The data shall be provided by February 15 of the calendar year following the historical 12-month RAC period.

1. The Company currently provides a vendor summary as Attachment D with its annual filing. This Attachment provides a summary of the expenditures incurred by vendor by site for the twelve-month RAC period. Hereafter, the Attachment will be supplemented with a general description of the services provided by each vendor. The data noting expenditures incurred through November are submitted to the Parties by December 31 of the filing period. The data are updated with the expenditures incurred through December and submitted to the Parties by January 31 of the year following the filing period.
2. Identify the three MGP sites with the highest level of expenditures during the prior RAC period. For each identified site, provide a copy of the latest work plan, remediation report, or major work product submitted to the NJDEP. The copies should include the narrative portion of the report or work plan but need not include the technical supporting workpapers, charts and tables.
3. For each of the same three MGP sites, provide all correspondence between the Company and the NJDEP concerning submissions for the site, reply comments, and other major items which have a material impact on remediation activities and associated costs incurred by the Company. The correspondence should span the twelve-months preceding December 31st of the most recent RAC period.
4. For each of the same three MGP sites, provide expense documentation for any contractor or supplier whose invoices for the RAC period exceed \$250,000 in aggregate. The expense documentation should include descriptions of services rendered, applicable invoices, and any tracking of invoiced charges vs. budgets. The expense detail need not include expense reports or time sheets, but it should include supporting documentation for any subcontractor and third party expenses totaling \$100,000 or more for the period.
5. For each of the same three MGP sites, provide a narrative description and organization chart for that site, showing the vendors and project control structure for the remediation effort. The response should show what entities supervise all significant contractors and subcontractors and which Company personnel are involved in site and remediation supervision and control.
6. Provide a detailed narrative describing Company activities and any reimbursements related to insurance claims or potentially responsible parties' liabilities for all of the Company's MGP sites. The narrative, with supporting documentation, should cover the prior RAC period. In addition, the Company will provide a listing of all insurance reimbursements received from each insurance company through the end of the year covered by the filing, but need not disclose any insurance company's identity.

7. Provide copies of any RAC audit reports or related materials prepared by the Board's Audit Staff, FERC, or the Company's internal or external auditors during the previous twelve months. To the degree applicable, please also provide any materials prepared in response to the audits or in compliance with any audit findings.
8. Provide a narrative concerning all material events, whether related to NJDEP mandates or not, which could have an impact on the Company's ultimate MGP remediation liability, with claimed confidential information provided pursuant to a confidentiality agreement. The narrative should encompass all sites, whether or not active remediation efforts on the site are under way.
9. Provide schedules and supporting workpapers and documents, which show the reconciliation of the prior period RAC expenditures and recoveries as well as the derivation of the deferred tax credit and the interest accrual on any unamortized balances.
10. Provide the Company's bid evaluation studies, reports, workpapers or other material related to the two largest MGP remediation contracts awarded during the previous RAC period. The response should include the criteria utilized for bid evaluation and the comparisons between the terms and conditions offered by the competitive bidders.
11. Provide documentation relating to the two largest supplemental contract amendments authorized by the Company during the previous RAC period. The response should provide the contractor's request for supplemental funding, the reasons cited for the request, and the Company's evaluation and action taken concerning the request.
12. Provide documentation relating to any instances during the previous RAC period where the Company sought to modify, change, or eliminate the NJDEP site remediation requirements for any of its MGP sites. The response should provide copies of any such Company requests, the NJDEP responses, and the ultimate outcome concerning the requests.
13. Provide a calculation of the carrying costs that the Company seeks to recover in this filing, including workpapers and supporting documentation.
14. The Company currently provides a schedule that summarizes the expenditures incurred by major cost category by site on a quarterly basis. These data are, and will continue to be, reported as Attachment C with its annual filing.
15. For each of the Company's MGP sites, provide a schedule showing the status of the remediation effort and estimated dates for the completion of remaining milestones, along with a discussion of major remediation problems. The Parties understand that the timeframes to complete the remediation efforts are subject to a great deal of uncertainty due to factors beyond the Company's control.

16. Provide an update concerning the status of discussions with the NJDEP concerning its NRD initiative as well as any other NRD-related activities, with claimed confidential information provided pursuant to a confidentiality agreement. Such update will include information about NRD-related expenditures during the prior RAC period and related documentation, as well as total NRD-related expenses deferred to date.

17. Provide information about unreasonable delays in remediation efforts caused by the inability to obtain requisite approvals, clearances or other rights from the NJDEP, local authorities or property owners, or other circumstances that are unduly impeding remediation efforts. The Company will address issues that are outside of the ordinary experience for these matters.