



Agenda Date: 12/6/23  
Agenda Item: 2D

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

IN THE MATTER OF JERSEY CENTRAL POWER & LIGHT COMPANY’S VERIFIED PETITION SEEKING REVIEW AND APPROVAL OF THE NET DEFERRED COSTS INCLUDED IN ITS COVID-19 REGULATORY ASSET AND ESTABLISHMENT OF A COVID-19 RECOVERY CHARGE (“JCP&L INITIAL CRC FILING”) ) ENERGY  
) ORDER DESIGNATING  
) COMMISSIONER, SETTING  
) MANNER OF SERVICE AND  
) BAR DATE  
) DOCKET NO. ER23070453

**Parties of Record:**

**Brian O. Lipman, Esq., Director**, New Jersey Division of Rate Counsel  
**Michael J. Martelo, Esq., Managing Counsel**, First Energy Service Company

BY THE BOARD:

By this Decision and Order, the New Jersey Board of Public Utilities (“Board”) considers designating a Presiding Commissioner, setting a bar date for motions, and establishing a manner of service regarding a petition filed by Jersey Central Power & Light Company (“JCP&L” or “Company”) to recover costs incurred due to the COVID-19 pandemic (“Petition”).

**BACKGROUND**

On July 2, 2020, the Board issued an Order authorizing the State’s utilities to create a COVID-19 regulatory asset by allowing the deferral of incremental and prudently incurred COVID-19-related costs.<sup>1</sup> The July 2020 Order provided that the deferral period began on March 9, 2020, and concluded upon the latest of the following dates: 1) September 30, 2021; 2) 60 days after Governor Murphy declared that the Public Health Emergency was no longer in effect; or 3) in the absence of such a declaration, 60 days from the time the Public Health Emergency automatically terminated pursuant to N.J.S.A. 26:13-3(b) (“Regulatory Asset Period”).

The July 2020 Order further required:

1. Each utility with a COVID-19 regulatory asset account to file with the Board quarterly reports, together with a verification by an authorized representative, detailing its COVID-19-related costs and offsets; and

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<sup>1</sup> In re the New Jersey Board of Public Utilities’ Response to the COVID-19 Pandemic, BPU Docket No. AO20060471, Order dated July 2, 2020 (“July 2020 Order”).

2. All affected utilities to file a petition with the Board by December 31, 2021, or within 60 days of the close of the Regulatory Asset Period either addressing any potential rate recovery of the utilities COVID-19 regulatory asset, including any prudency determinations, and the appropriate period of recovery for any approved amount of the regulatory asset and any associated savings; or, in the alternative, requesting that the Board defer consideration of COVID-19 regulatory asset rate recovery until a future base rate case.

Through a series of Orders, the Board extended the Regulatory Asset Period until March 15, 2023, and the deadline to file for recovery of costs until July 17, 2023.<sup>2</sup> The Board further directed the Utilities to file a formal plan, which would detail, for instance, their accessing and use of State and federal funds, arrearage and disconnection reduction strategies, arrearage recovery efforts, and savings due to COVID-19 related changes and other details during the Regulatory Asset Period.

By Order dated June 7, 2023, the Board required that all filings for cost recovery of COVID-19 regulatory asset balances must be evaluated on a case-by-case basis, whether as part of a base rate case or a separate proceeding, to ensure an equitable determination specifically tailored for each utility seeking cost recovery.<sup>3</sup> If recovery is sought in a separate proceeding outside of a base rate case, the June 2023 Order requires the utility to provide the following:

1. Propose a new, separate, special-purpose clause or rider that clearly defines the purpose and scope of the regulatory asset balances being proposed for recovery;
2. Propose rate design that applies a volumetric rate(s) to all applicable customer classes;
3. Propose a reasonable amortization period for the regulatory asset balances, taking into consideration the financial impact on ratepayers' bills;
4. Include carrying costs at a reasonable rate for any over- or under-recovery; and
5. Include all other necessary supporting documentation.

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<sup>2</sup> In re the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic, BPU Docket No. AO20060471, Order dated September 14, 2021; In re the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic, BPU Docket No. AO20060471, Order dated December 21, 2022; In re the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic, Order Extending the Deadline for the Filing of Petitions for the Recovery of COVID-19 Regulatory Assets, BPU Docket No. AO20060471, Order dated May 10, 2023.

<sup>3</sup> In re the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic, BPU Docket No. AO20060471, Order dated June 7, 2023 ("June 2023 Order").

## **PETITION**

In accordance with the June 2023 Order, JCP&L filed the Petition on July 17, 2023 seeking review and approval of net deferred costs and to establish an annually reconcilable charge to recover the prudently incurred incremental costs related to the COVID-19 pandemic through the establishment of a COVID-19 Recovery Charge (“CRC”).

By the Petition, the Company proposed to establish a Rider CRC to recover its COVID-19 Costs over a four-year period beginning October 1, 2023. JCP&L also proposed that a carrying charge, set at an interest rate on a five (5) year United States treasury note plus 60 basis points, be applied to the outstanding COVID Costs beginning March 16, 2023. i.e., the end of the Regulatory Asset Period until such time as the costs are fully recovered through the Rider CRC.

JCP&L further described the information, submitted quarterly to the Board, including a breakdown of the deferred costs. Some of the categories of incremental costs identified in their reporting include: a) communications; b) COVID-19 pandemic employee recognition; c) COVID-19 preparation and response; d) general business and travel; e) incremental accounts receivables carrying charges; f) lost productivity; g) medical services; h) personal protective equipment; i) recruited contingent labor and direct COVID-19 overtime labor; and j) storm preparation and response, notably Tropical Isaias.

JCP&L proposed to amortize its COVID-19 costs over a four (4) year-year period through Rider CRC, which would be a non-bypassable dollars per kilowatt-hour (“kwh”) charge applicable to all rate schedules. JCP&L further proposed to make annual Rider CRC reconciliation filings to review the remaining balance in the COVID-19 related regulatory asset and adjust Rider CRC as appropriate.

Under JCP&L’s proposal, the estimated monthly bill impact on a typical residential customer using 500 kWh would be an increase of \$0.22, which is a 0.30% increase.

## **DISCUSSION**

The Board **HEREBY DETERMINES** that the Petition should be retained by the Board for hearing, and pursuant to N.J.S.A. 48:2-32, the Board **HEREBY DESIGNATES** Commissioner Christodoulou as the Presiding Officer with authority in relation to the Petition to rule on all motions that arise during the pendency of these proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues. Further, the Board **HEREBY DIRECTS** that any entity seeking to intervene or participate in this matter file the appropriate application with the Board on or before January 8, 2024. Any party wishing to file a motion for admission of counsel, *pro hac vice*, should do so concurrently with any motion to intervene or participate.

In addition, in compliance with the Board’s Order in Docket No. EO20030254, all parties are **HEREBY DIRECTED** to serve all documents electronically.<sup>4</sup> No hard copies shall be filed until the Board lifts the restrictions imposed in that Order. The Board **HEREBY DIRECTS** Staff to post this Order to the Board’s website.

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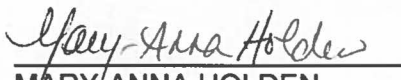
<sup>4</sup> In re the New Jersey Board of Public Utilities’ Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020.

The effective date of this Order is December 13, 2023.

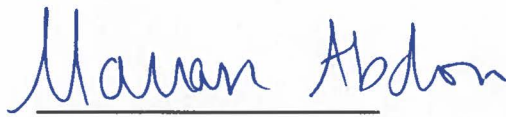
DATED: December 6, 2023

BOARD OF PUBLIC UTILITIES  
BY:

  
CHRISTINE GUHL-SADOVY  
PRESIDENT

  
MARY-ANNA HOLDEN  
COMMISSIONER

  
DR. ZENON CHRISTODOULOU  
COMMISSIONER

  
MARIAN ABDOU  
COMMISSIONER

ATTEST:   
SHERRIL L. GOLDEN  
BOARD 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 JERSEY CENTRAL POWER & LIGHT COMPANY'S VERIFIED PETITION  
SEEKING REVIEW AND APPROVAL OF THE NET DEFERRED COSTS INCLUDED IN ITS  
COVID-19 REGULATORY ASSET AND ESTABLISHMENT OF A COVID-19 RECOVERY  
CHARGE ("JCP&L INITIAL CRC FILING")

BPU DOCKET NO. ER23070453

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