



Agenda Date: 5/31/2017
Agenda Item: 2D

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 THE VERIFIED PETITION OF)	DECISION AND ORDER
JERSEY CENTRAL POWER AND LIGHT COMPANY)	APPROVING INITIAL DECISION
CONSTITUTING ITS ANNUAL FILING WITH RESPECT)	AND STIPULATION
TO THE NON-UTILITY GENERATION CHARGE)	
CLAUSE OF ITS FILED TARIFF ("2015 NGC FILING"))	DOCKET NO. ER16101046
)	OAL DOCKET NO. PUC 17750-2016N

Parties of Record:

Gregory Eisenstark, Esq., Windels Marx Lane & Mittendorf, LLP, on behalf of Jersey Central Power & Light Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On October 31, 2016 in Docket No. ER16101046, Jersey Central Power and Light Company ("JCP&L" or the "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking review and approval of the amounts included in the Company's Non-Utility Generation Charge ("NGC") deferred balance for the period January 1, 2015 through December 31, 2015. ("October 2016 Petition") By this Decision and Order, the Board considers an Initial Decision executed by the Administrative Law Judge ("ALJ") and Stipulation of Settlement ("Stipulation") executed by JCP&L, Board Staff, and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") intended to resolve the Company's requests related to the above docketed matter.

BACKGROUND AND PROCEDURAL HISTORY

As a result of the Board's Final Decision and Order, issued in Docket Nos. EO97070458, EO97070459, and EO97070460 ("Restructuring Order"),¹ the Company implemented unbundled rates that included a new tariff rider entitled the "Market Transition Charge," which was renamed the NGC effective September 1, 2004. The NGC is designed to recover, among other things,

¹ In re Jersey Central Power and Light Company d/b/a GPU Energy – Rate Unbundling, Stranded Cost and Restructuring Filings, BPU Docket Nos. EO97070458, EO97070459, and EO97070460 (Final Decision and Order dated March 7, 2001.)

the portion of the costs of power purchases from non-utility generators that has been deferred on JCP&L's books to the extent it was unable to recover them in full under its regulated rates and market sales.

Other specific deferred costs included Oyster Creek stranded costs, carrying costs, various transaction fees, including professional fees incurred in contract restructurings, and operating losses for the Forked River generating plant.

OCTOBER 2016 PETITION

On October 31, 2016, JCP&L filed the October 2016 Petition with the Board seeking review and approval of the amounts included in the Company's NGC deferred balance to the extent accumulated between January 1, 2015 and December 31, 2015. In the October 2016 Petition, the Company projected that, at present rates, the net NGC deferred balance at December 31, 2016 would be an under-recovery of \$7,113,016, after the application of carrying costs of \$12,877,086. JCP&L proposed to change the level of its NGC to reflect an increase in the non-securitized portion of the NGC rate factor from the current level of \$0.001493² per kWh (excluding Sales and Use Tax ("SUT")) to \$0.001991 per kWh (excluding SUT). When combined with the securitized portion of the NGC, the resultant composite NGC factor would be \$0.005364 per kWh (excluding SUT).³

The matter was transmitted to the Office of Administrative Law on November 21, 2016 and subsequently assigned to the ALJ Richard McGill. ALJ McGill presided over a prehearing conference on January 12, 2017.

Subsequently, JCP&L updated schedules to reflect actual information through December 31, 2016.

STIPULATION

Following discovery, the Parties met to discuss the issues in this matter. As a result, on April 25, 2017, the Parties executed the Stipulation, which provides for the following:⁴

1. The Parties agree that, as per the schedules included in Attachment A attached to the Stipulation, the Company's ending deferred NGC balance at December 31, 2015 amounted to an under-recovery of \$25.714 million, including carrying costs of \$12.228 million.

² The current rate was approved by Order dated August 24, 2016 in In re the Verified Petition of Jersey Central Power and Light Company Constituting Its Annual Filings With Respect to the Non-Utility Generation Charge Clause of Its Filed Tariff ("2012/2013 NGC Filing"), BPU Docket No. ER14101262 AND In re the Verified Petition of Jersey Central Power and Light Company Constituting Its Annual Filing With Respect to the Non-Utility Generation Charge Clause of Its Filed Tariff ("2014 NGC Filing"), BPU Docket No. ER15080960.

³ The October 2016 Petition did not propose a change to the securitized NGC factor.

⁴ Although described in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions contained in this Order.

2. The Parties agree that, as per the schedules included in Attachment D attached to the Stipulation, the Company's ending deferred NGC balance at December 31, 2016 amounted to an under-recovery of \$6.816 million, including carrying costs of \$12.876 million. This balance will be reviewed in the Company's 2016 NGC filing.
3. The Parties also agree that, in light of the expiration of many of the Company's long-term NUG PPAs and the declining NGC deferred balance, it is appropriate for JCP&L's non-securitized NGC rate to remain at the current level of \$0.001493 per kWh at this time.
4. The Parties further agree that, as of the effective date of the Board Order approving the Stipulation, the interest rate applied to the NGC deferred balance will be set to an interest rate equal to the rate on seven-year constant maturity Treasuries, as shown in the Federal Reserve Statistical Release on or closest to January 1 of each year, plus sixty basis points, ("Carrying Cost Rate"), until changed by a future Board Order. The Parties agree that the Carrying Cost Rate is currently 2.86%. The annual compounding date remains January 1 of each year.
5. To the extent not otherwise recovered in rates, JCP&L shall also be authorized to continue to defer (i) all additional reasonable and prudent amounts paid to NUGs under Board-approved agreements, (ii) the reasonable and prudent all-in costs associated with JCP&L's interest in the Yards Creek pumped storage generating facility ("Yards Creek") and (iii) other reasonable and prudent costs previously approved by the Board for recovery through the NGC, net of related revenues received from the sale of NUG and Yards Creek output into the PJM market, incurred and deferred subsequent to December 31, 2015, together with accrued interest thereon, for review and inclusion in future annual NGC filings and recovery through related adjustments to the Company's Rider NGC, subject to the Board's review and approval.
6. The Parties also agree that, upon the effective date of the Board's written Order approving the Stipulation, all elements of the 2015 NGC Filing shall all be deemed closed and resolved.

On May 2, 2017, ALJ McGill issued an Initial Decision approving the Stipulation, finding that the Parties voluntarily agreed to the terms of the Stipulation, the Stipulation disposed of all matters in controversy and was consistent with the law.

DISCUSSION AND FINDING

Having reviewed the record in this matter, including ALJ McGill's Initial Decision and the Stipulation, the Board **FINDS** that the Initial Decision and Stipulation resolving the October 2016 Petition are reasonable, in the public interest and in accordance with the law. Accordingly, the Board **HEREBY APPROVES** the attached Initial Decision and Stipulation and incorporates these provisions as if fully stated in this Order.

Accordingly, the Board **HEREBY APPROVES** the Company's existing non-securitized NGC factor of \$0.001493 per kWh (excluding SUT). Therefore, JCP&L's composite NGC will remain at \$0.005012 per kWh (excluding SUT). As a result of the Stipulation, customers will not experience changes in their monthly bills.

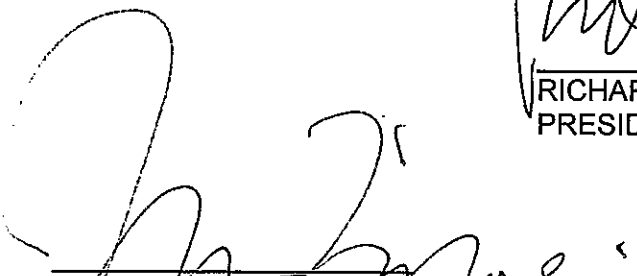
The Board **HEREBY DIRECTS** the Company to file the appropriate revised tariff sheets conforming to the terms of this Order within five (5) days of the effective date of this Order.

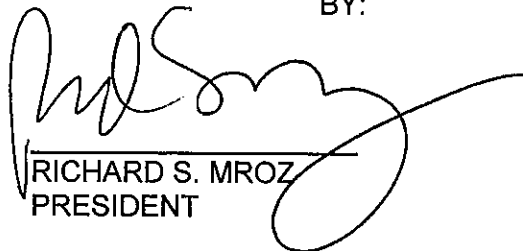
The Company's costs, including those related to the NGC deferred balance, remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

The effective date of this Order is June 5, 2017.

DATED: 5/31/17

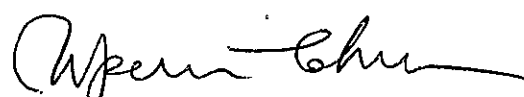
BOARD OF PUBLIC UTILITIES
BY:

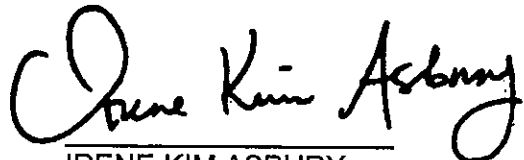

JOSEPH L. FIORDALISO
COMMISSIONER


RICHARD S. MROZ
PRESIDENT

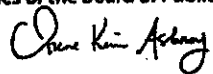

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
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 THE VERIFIED PETITION OF JERSEY CENTRAL POWER & LIGHT
COMPANY CONSTITUTING ITS ANNUAL FILING WITH RESPECT TO THE NON-UTILITY
GENERATION CHARGE CLAUSE OF ITS FILED TARIFF ("2015 NGC FILING")
DOCKET NO. ER16101046
OAL DOCKET NO. PUC 17750-2016N

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 17750-16

BPU DKT. NO. ER16101046

IN THE MATTER OF THE VERIFIED PETITION OF
JERSEY CENTRAL POWER & LIGHT COMPANY
CONSTITUTING ITS ANNUAL FILING WITH
RESPECT TO THE NON-UTILITY GENERATION
CHARGE CLAUSE OF ITS FILED TARIFF ("2015
NGC FILING").

Gregory Eisenstark, Esq., for Jersey Central Power & Light Company (Windels,
Marx, Lane & Mittendorf, L.L.P., attorneys)

Ami Morita, Esq., Managing Attorney, and **Diane Schulze, Esq.**, Assistant
Deputy Rate Counsel, for the Division of Rate Counsel (Stephanie A.
Brand, Esq., Director, attorney)

Alex Moreau, Deputy Attorney General, **Patricia A. Krogman**, Deputy Attorney
General, and **Renee Greenberg**, Deputy Attorney General, for the Staff of
the New Jersey Board of Public Utilities (Christopher S. Porrino, Attorney
General of New Jersey, attorney)

Record Closed: April 27, 2017

Decided: May 2, 2017

BEFORE **RICHARD McGILL**, ALJ:

On October 31, 2016, Jersey Central Power & Light Company ("JCP&L" or the "Company") filed a verified petition with the New Jersey Board of Public Utilities seeking review and approval of amounts included in its Non-utility Generation Charge ("NGC") deferred balance from January 1, 2015, through December 31, 2015. The petition also seeks approval of an increase in the Company's Rider NGC rate to recover an additional \$7.113 million in annual revenues.

The matter was transmitted to the Office of Administrative Law on November 22, 2016, for determination as a contested case. After a prehearing conference on January 12, 2017, the Company advised that updated data indicated that an increase in rates would not be necessary. As a result, public hearings were not scheduled in this matter.

Prior to the commencement of evidentiary hearings, the parties submitted a Stipulation of Settlement, which provides that the Company's ending deferred NGC balance at December 31, 2015, amounted to an under-recovery of \$25.714 million, including carrying costs of \$12.228 million. Further, the Company's ending deferred NGC balance at December 31, 2016, amounted to an under-recovery of \$6.816 million, including carrying costs of \$12.876 million, and will be reviewed in the Company's 2016 NGC filing. The parties also agreed that it is appropriate for JCP&L's non-securitized NGC rate to remain at the current level of \$0.001493 per kwh at this time. Additionally, the interest rate applied to the NGC deferred balance will be set at an interest rate equal to the rate on seven-year constant maturity Treasuries, as shown in the Federal Reserve Statistical Release on or closest to January 1 of each year, plus sixty basis points, until changed by a future Board Order.

Having reviewed the record and the settlement terms, I **FIND** as follows:

1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or the signatures of their representatives.
2. The settlement fully disposes of all issues in controversy and is consistent with the law.

Therefore, I **CONCLUDE** that the agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. Accordingly, it is **ORDERED** that the parties comply with the terms of the settlement, and it is **FURTHER ORDERED** that the proceedings in this matter be concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

May 2, 2017
DATE

Richard McGill
RICHARD MCGILL, ALJ

Date Received at Agency:

MAY 3 2017

Date Mailed to Parties:

ljb

Spura Sanders
DIRECTOR AND
CHIEF ADMINISTRATIVE LAW JUDGE

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

In the Matter of the Verified Petition of Jersey :
Central Power & Light Company Constituting :
Its Annual Filings With Respect to the Non- :
Utility Generation Charge Clause of Its Filed :
Tariff ("2015 NGC Filing") :

:

STIPULATION
OF
SETTLEMENT

BPU Docket No. ER16101046
OAL Docket No. PUC 17750-2016 N

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STATE OF NEW JERSEY
OFFICE OF ADMINISTRATIVE LAW

TO THE HONORABLE RICHARD MCGILL, ALJ:

APPEARANCES:

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Petitioner, Jersey Central Power & Light Company

Ami Morita, Esq. (Managing Attorney) and **Diane Schulze, Esq.** (Assistant Deputy Rate
Counsel), Division of Rate Counsel (**Stefanie A. Brand, Esq.**, Director)

Alex Moreau, Patricia Krogman, and Renee Greenberg, Deputy Attorneys General, for the
Staff of the New Jersey Board of Public Utilities (**Christopher S. Porrino**, Attorney General of
New Jersey)

This Stipulation of Settlement (the "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 the "Company"), the Staff of the Board of Public Utilities ("Staff") and the New
Jersey Division of Rate Counsel ("Rate Counsel") (collectively, the "Parties").

The Parties do hereby join in recommending that the Administrative Law Judge issue an
Initial Decision approving the Stipulation, and that the Board of Public Utilities ("Board") issue
a Final Order approving the Stipulation, based upon the following provisions.

Background

The Company's Non-Utility Generation charge ("NGC") was initially approved by the Board to recover, among other things, the portion of the costs of power procured from non-utility generators ("NUGs") that has been deferred on JCP&L's books to the extent it was unable to recover them in full under its regulated rates and market sales. *See I/M/O Jersey Central Power & Light Company, d/b/a GPU Energy – Rate Unbundling, Stranded Cost and Restructuring Filings*, Docket Nos. EO97070458, EO97070459, and EO97070460 (Order Dated March 7, 2001) (the "Restructuring Order").¹ The Restructuring Order authorized the Company to defer for future recovery its costs incurred under power purchase agreements ("PPAs") with NUGs, to the extent those costs were not recovered on a current basis through the Company's capped and declining rates over the restructuring Transition Period (August 1, 1999 through July 21, 2003), with this treatment to continue after the end of the transition period.²

Pursuant to the Board's Final Order dated May 17, 2004 ("Deferred Balances Order") issued in connection with JCP&L's "2002 Deferred Balances Petition" in Docket No. ER02080507, all issues relating to the NGC deferred balance through July 31, 2003 (the end of the restructuring Transition Period) were determined and resolved.

The Company's "2005 NGC Filing" (Docket No. ER05121018) sought review of its NGC deferred balance for the period from August 1, 2003 through December 31, 2005 and approval of an adjustment to the level of its NGC. This proceeding was settled and resolved in a Stipulation of Settlement dated November 8, 2006 by and among JCP&L, Board Staff and the then New Jersey Department of the Public Advocate, Division of Rate Counsel ("Rate

¹ The NUG clause was originally designated as the Market Transition Charge and renamed the Non-Utility Generation Charge effective September 1, 2004.

² See the Restructuring Order at 112, ¶30.

Counsel”), which Stipulation of Settlement was approved by Board Order dated December 6, 2006 (“2006 NGC Order”) determining and resolving all issues relating to the NGC deferred balance through December 31, 2005. The Company was directed to make an annual informational NGC filing with the Board in the last quarter of each year, commencing in 2007, with notice to Rate Counsel and an opportunity for full discovery and evidentiary hearings.³

In accordance with Board’s directive in the 2006 NGC Order, the Company submitted its 2007 NGC Filing on December 21, 2007 (Docket No. ER07120967)⁴; its 2008 NGC Filing on January 28, 2009 (Docket No. ER09040316); and its 2009 NGC Filing on July 26, 2010 (Docket No. ER10070493). Pursuant to a Stipulation Setting Provisional Rates, dated January 27, 2011, among the Company, Board Staff and Rate Counsel in Docket No. ER10070493, which Stipulation was approved by Board Order dated February 10, 2011, JCP&L implemented the \$180 million annual rate reduction proposed in its 2009 NGC Filing, effective March 1, 2011. However, that Stipulation and Order stated that review of the Company’s 2007, 2008 and 2009 NGC Filings was not yet completed. Thereafter, on April 21, 2011, the Company filed its 2010 NGC Filing (Docket No. ER11040224).

By a Board Order dated February 10, 2012 approving Stipulation of Settlement dated February 2, 2012 by and among JCP&L, Board Staff, and Rate Counsel, the Company’s 2007, 2008, 2009, and 2010 NGC filings were resolved (“2012 Order and Stipulation”). Pursuant to the 2012 Order and Stipulation, the Company’s NGC clause was adjusted, effective March 1, 2012, to decrease NGC revenues from approximately \$177 million per year to approximately \$63 million per year, a \$114 million reduction. This reduction in annual NGC revenues was

³ See the 2006 NGC Order at 4, ¶6.

⁴ In accordance with the 2006 NGC Order, on June 1, 2007 JCP&L submitted its NUG Mitigation Strategy Report, which, according the 2006 NGC Order (at 5, ¶9), was to be “the basis for future discussions with [Board] Staff and Rate Counsel.” The Company also continues to file quarterly NUG Mitigation Reports describing its ongoing NUG mitigation efforts.

achieved through a reduction in the non-securitization component of the NGC rate from the prior charge of \$0.003699 per kWh to a credit of \$0.001149 per kWh effective March 1, 2012. The 2012 Order and Stipulation also finalized all rate-related issues with respect to the Company's sale of the Forked River generating station ("Forked River").

On August 15, 2012, the Company filed its 2011 NGC Filing (Docket No. ER12080757) seeking review of its NGC deferred balance for the period from January 1, 2011 through December 31, 2011. JCP&L did not request a change in the level of its NGC in the 2011 NGC Filing. On October 31, 2014, the Company filed its 2012/2013 NGC Filing (Docket No. ER14101262). JCP&L requested an increase in the non-securitized portion of the NGC rate factor from a credit of \$0.001499 per kWh to \$0.000205 per kWh, resulting in an increase of \$19.29 million per year in NGC revenues. Pursuant to a Stipulation for Provisional Rates, dated January 14, 2015 among the Company, Board Staff and Rate Counsel in Docket Nos. ER12080757 and ER14101262, which Stipulation was approved by Board Order dated January 21, 2015, JCP&L implemented the \$19.29 million annual rate increase proposed in its 2012/2013 NGC Filing, effective February 2, 2015. The 2015 Order and Stipulation closed the 2011 NGC filing, but set the 2012/2013 NGC rates as provisional, subject to an opportunity for a comprehensive and full review.

On August 14, 2015, the Company filed a Verified Petition and Supporting attachments for the 2014 NGC Period, which was assigned Docket No. ER15080960, seeking: (1) a declaration that the provisional NGC rate approved in the 2015 Order and Stipulation is final; (2) review and approval of the deferred balances relating to the Company's NGC clause of its filed tariff, to the extent accumulated from January 1, 2014 through December 31, 2014; (3) approval of an increase in the Company's Rider NGC rates by \$26.265 million annually; and (4)

authorization of the continued deferral by JCP&L of the costs accumulated in the NGC deferred balance that are not recovered on a current basis, with the continuing accrual of interest on the unamortized balance (net of deferred taxes) at the rate provided for in the 2006 NGC Order, compounded annually, on January 1 of each year in accordance with the terms of Petitioner's Rider NGC.

On May 22, 2016, JCP&L updated schedules to reflect actual information through December 31, 2015 ("May 2016 Update"). Following public hearings and settlement discussions, the Parties entered into a Stipulation of Settlement on August 4, 2016. On August 24, 2016, the Board issued a Decision and Order approving the August 4, 2016 Stipulation of Settlement, which resolved the 2012/2013 and 2014 NGC filings. The Decision and Order approved an increase in the non-securitized NGC factor to \$0.001493 per kWh, and the composite NGC factor was set at \$0.005012 per kWh excluding SUT. The result of this rate change was an increase in revenues collected through the NGC rate by approximately \$25.714 million annually. The August 24, 2016 Decision and Order also specified that JCP&L would file its next annual NGC Petition by October 31, 2016.

On October 31, 2016, the Company filed a Verified Petition and Supporting attachments for the 2015 NGC Period seeking: (1) review and approval of the deferred balances relating to the Company's NGC clause of its filed tariff, to the extent accumulated from January 1, 2015 through December 31, 2015; (2) approval of an increase in the Company's Rider NGC rates by approximately \$7.1 million annually; and (3) authorization of the continued deferral by JCP&L of the costs accumulated in the NGC deferred balance that are not recovered on a current basis, with the continuing accrual of interest on the unamortized balance (net of deferred taxes) at the

rate provided for in the 2006 NGC Order, compounded annually, on January 1 of each year in accordance with the terms of Petitioner's Rider NGC.

The matter was transmitted to the Office of Administrative Law on November 21, 2016 and subsequently assigned to the Honorable Richard McGill, ALJ. Judge McGill presided over a prehearing conference on January 12, 2017.

Following the filing of the Verified Petition, the Parties engaged in discovery and exchanged additional information during informal discussions and meetings, and have engaged in settlement negotiations. The Parties have agreed to resolve this matter according to the terms set forth herein, as follows.

Stipulation

1. The Parties agree that, as per the schedules included in Attachment A hereto, the Company's ending deferred NGC balance at December 31, 2015 amounted to an under-recovery of \$ 25.714 million, including carrying costs of \$ 12.228 million.

2. The Parties agree that, as per the schedules included in Attachment D hereto, the Company's ending deferred NGC balance at December 31, 2016 amounted to an under-recovery of \$6.816 million, including carrying costs of \$12.876 million. This balance will be reviewed in the Company's 2016 NGC filing.

3. The Parties also agree that, in light of the expiration of many of the Company's long-term NUG PPAs and the declining NGC deferred balance, it is appropriate for JCP&L's non-securitized NGC rate to remain at the current level of \$0.001493 per kWh at this time.

4. The Parties further agree that, as of the effective date of the Board Order approving this Stipulation, the interest rate applied to the NGC deferred balance will be set to an interest rate equal to the rate on seven-year constant maturity Treasuries, as shown in the Federal

Reserve Statistical Release on or closest to January 1 of each year, plus sixty basis points, (“Carrying Cost Rate”), until changed by a future Board Order. The Parties agree that the Carrying Cost Rate is currently 2.86%. The annual compounding date remains January 1 of each year.

5. To the extent not otherwise recovered in rates, JCP&L shall also be authorized to continue to defer (i) all additional reasonable and prudent amounts paid to NUGs under Board-approved agreements, (ii) the reasonable and prudent all-in costs associated with JCP&L’s interest in the Yards Creek pumped storage generating facility (“Yards Creek”) and (iii) other reasonable and prudent costs previously approved by the Board for recovery through the NGC, net of related revenues received from the sale of NUG and Yards Creek output into the PJM market, incurred and deferred subsequent to December 31, 2015, together with accrued interest thereon, for review and inclusion in future annual NGC filings and recovery through related adjustments to the Company’s Rider NGC, subject to the Board’s review and approval.

6. The Parties also agree that, upon the effective date of the Board’s written Order approving this Stipulation, all elements of the 2015 NGC Filing shall all be deemed closed and resolved.

Conclusion

7. 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 (10) 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. The Parties agree that this Stipulation shall be binding on them for all purposes herein.

8. 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.

9. 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.

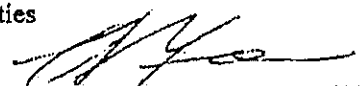
WHEREFORE, the Parties hereto have duly executed and do respectfully submit this Stipulation to the Board, and recommend that the Board issue a Final Decision and Order adopting and approving this Stipulation in its entirety in accordance with the terms hereof.

Jersey Central Power & Light Company

By: 
Gregory Eisenstark, Esq.
Windels, Marx, Lane & Mittendorf, LLP

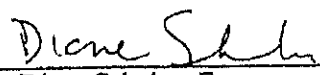
Dated: 4-21-2017

Christopher S. Porrino, Attorney General of
New Jersey
Attorney for Staff of the Board of Public
Utilities

By: 
Alex Moreau
Deputy Attorney General

Dated: 4-25-2017

Stefanie A. Brand, Esq.
Director, Division of Rate Counsel

By: 
Diane Schulze, Esq.
Assistant Deputy Rate Counsel

Dated: 4-25-17

JERSEY CENTRAL POWER & LIGHT COMPANY
Summary of NGC Deferred Balance by Component (Actual)
For the Period January 1, 2015 through December 31, 2015

Line No.		Actual Data Jan - Dec 2015	Refer to Attachment B Line No(s).
1	NGC Deferred Balance at 12/31/2014	6,648,938	20
2	NGC Deferred Balance 2015:		
	Revenues:		
3	Wholesale Energy/Capacity (Sales of Committed Supply)	25,429,913	1
4	MTC/NGC Retail Tariff	1,419,850	3-(4+5)
5	Other Revenue Sources	5,417,275	2+6
6	Total Revenues	32,267,037	7
	Costs:		
7	Committed Supply: NUG and 2-Party Contract Payments	23,651,509	13+16
8	Committed Supply: Yards Creek Costs	15,180,724	8 thru 10+15
9	Other Expenses	500,119	11+12+14
10	Total Cost Incurred	39,332,351	17
11	Net Costs in Excess of Revenues Deferred Jan through Dec-15	7,065,314	
12	Securitization Servicing Fee in Excess of Costs Incurred	(228,000)	18
13	Net NGC (Over)/Under-Recovered Costs Deferred in 2015	6,837,314	19
14	NGC Under-Recovered Deferred Cost Balance at 12/31/15	13,486,252	20
15	NGC Deferred Interest Balance at 12/31/15	12,228,235	See Attachment C (Line 11)
16	NGC (Over)Under-Recovered Deferred Balance Including Interest at 12/31/15	25,714,488	

JERSEY CENTRAL POWER & LIGHT COMPANY
Calculation of Deferred NGC Expense by Month
For the Period January 1, 2015 through December 31, 2015

Line No.		Cumulative Balance Thru Dec-14	Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15	Actual May-15	Actual Jun-15
	Revenues:							
1	Wholesale Energy/Capacity Revenues (Sales of Committed Supply)		1,982,595	4,284,688	2,338,227	1,360,271	2,002,360	2,108,656
2	PJM Ancillary, Congestion & FTR Revenue		357,187	472,705	353,183	235,047	(558,554)	253,838
3	Total MTC Revenue		5,010,385	5,634,250	6,911,834	5,873,204	\$5,297,980	\$6,510,159
4	Less: TBC Revenue		4,065,597	4,251,562	4,246,916	3,611,080	3,263,206	\$3,980,162
5	Less: MTC-Tax Revenue		2,233,685	2,335,853	2,333,296	1,983,964	1,792,850	2,203,718
6	Telcom Revenue		214,611	209,903	220,733	215,369	213,475	218,279
7	Total Revenues		1,265,496	4,214,111	3,243,765	2,088,848	1,859,205	2,907,052
	Costs:							
8	Return on Yards Creek Investment		235,538	225,636	230,190	229,151	212,718	211,664
9	Depreciation Expense - Yards Creek & Merrill Creek		98,736	99,129	97,362	124,331	106,392	106,413
10	Production O&M - Yards Creek		217,645	233,079	383,884	235,554	219,488	341,466
11	Ancillary Services		(27,479)	160,967	29,097	28,041	28,073	30,885
12	Financial Instruments - Incls. FTR Expense		3,600	3,600	3,600	3,600	3,600	3,600
13	Bilateral/2-Party Agreements (Restructured NUGs)		2,214,105	1,937,214	1,828,731	2,222,838	2,001,487	2,034,479
14	PJM Transmission Congestion		121	8,044	1,609	(7,832)	(50,386)	26,947
15	Yards Creek PJM Pumped Storage Cost		727,743	2,423,590	829,116	416,839	608,784	429,769
16	NUG Contract Payments		789,317	257,156	230,371	208,192	214,605	208,722
17	Total Costs		4,259,325	5,349,415	3,633,959	3,460,714	3,344,761	3,393,844
18	Annual Servicing Fee Paid in Excess of Cost Incurred		-	-	-	-	-	-
19	(Over)/Under Recovery of Costs		2,993,830	1,134,303	390,194	1,371,866	1,445,556	486,792
20	Cumulative (Over)/Under Recovery - NGC Balance	6,648,938	9,642,768	10,777,072	11,167,265	12,539,131	13,984,687	14,471,479

JERSEY CENTRAL POWER & LIGHT COMPANY
Calculation of Deferred NGC Expense by Month
For the Period January 1, 2015 through December 31, 2015

Line No.	Revenues:	Actual Jul-15	Actual Aug-15	Actual Sep-15	Actual Oct-15	Actual Nov-15	Actual Dec-15	YTD 2015
1	Wholesale Energy/Capacity Revenues (Sales of Committed Supply)	2,112,120	2,561,528	2,046,896	1,578,634	1,520,551	1,533,408	25,429,913
2	PJM Ancillary, Congestion & FTR Revenue	389,335	276,928	375,584	207,105	211,560	216,016	2,789,933
3	Total MTC Revenue	\$7,656,951	\$8,303,675	\$7,998,913	\$6,139,161	\$5,068,202	\$5,901,296	76,506,011
4	Less: TBC Revenue	\$4,640,760	\$5,019,591	\$4,851,761	\$3,718,850	\$3,083,194	\$3,544,038	48,286,715
5	Less: MTC-Tax Revenue	2,596,242	2,809,010	2,715,254	2,081,202	1,731,072	1,983,302	26,799,447
6	Telcom Revenue	224,916	224,385	221,726	220,851	220,759	222,335	2,627,342
7	Total Revenues	3,146,320	3,537,915	3,076,104	2,345,699	2,196,806	2,345,716	32,267,037
8	Costs:							
9	Return on Yards Creek Investment	211,139	210,089	209,643	208,414	208,581	208,705	2,601,367
10	Depreciation Expense - Yards Creek & Merrill Creek	106,499	106,585	106,670	106,517	106,454	106,777	1,271,864
11	Production O&M - Yards Creek	325,616	225,281	256,273	514,732	186,780	256,342	3,396,139
12	Ancillary Services	44,001	131,137	35,376	32,964	33,680	25,021	551,763
13	Financial Instruments - Incls. FTR Expense	3,600	3,600	3,600	3,600	3,600	3,600	43,200
14	Bilateral/2-Party Agreements (Restructured NUGs)	1,563,085	1,571,251	1,880,514	2,176,498	890,704	151,610	20,472,522
15	PJM Transmission Congestion	(20,414)	(4,920)	(11,134)	(6,697)	(12,979)	(17,102)	(94,844)
16	Yards Creek PJM Pumped Storage Cost	566,750	611,565	490,274	276,073	303,828	237,023	7,911,353
17	NUG Contract Payments	226,571	219,362	176,557	223,806	211,069	213,258	3,178,987
18	Total Costs	3,016,845	3,073,960	3,147,672	3,535,905	1,937,718	1,185,234	39,332,351
19	Annual Servicing Fee Paid in Excess of Cost Incurred	(228,000)	-	-	-	-	-	(228,000)
20	(Over)/Under Recovery of Costs	(870,525)	(536,045)	(71,568)	1,190,206	(266,088)	(1,160,483)	6,837,314
21	Cumulative (Over)/Under Recovery - NGC Balance	14,114,004	13,650,049	13,721,617	14,911,823	14,646,735	13,486,252	

Jersey Central Power & Light Company
Calculation of Interest on NGC Deferred Balance
For the Period January 1, 2015 through December 31, 2015

Line No.	Actual Dec-14	Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15	Actual May-15	Actual Jun-15	Actual Jul-15	Actual Aug-15	Actual Sep-15	Actual Oct-15	Actual Nov-15	Actual Dec-15
1	6,848,938	9,842,768	10,777,072	11,167,265	12,539,131	13,984,687	14,471,479	14,114,004	13,650,049	13,721,617	14,911,823	14,346,735	13,486,252
2	6,848,938	9,842,768	10,777,072	11,167,265	12,539,131	13,984,687	14,471,479	14,114,004	13,650,049	13,721,617	14,911,823	14,346,735	13,486,252
3	2,716,091	3,539,971	4,024,434	4,561,878	5,122,235	5,712,745	5,911,599	5,765,571	5,575,045	5,605,281	6,091,460	5,993,191	5,509,134
4	3,952,847	5,703,997	6,374,638	6,095,437	7,416,896	8,271,942	8,559,880	8,348,433	8,074,004	8,116,336	8,820,343	8,553,544	7,977,118
5	11,425,528	11,425,528	11,425,528	11,425,528	11,425,528	11,425,528	11,425,528	11,425,528	11,425,528	11,425,528	11,425,528	11,425,528	11,425,528
6	4,667,328	4,667,328	4,667,328	4,667,328	4,667,328	4,667,328	4,667,328	4,667,328	4,667,328	4,667,328	4,667,328	4,667,328	4,667,328
7	6,758,200	6,758,200	6,758,200	6,758,200	6,758,200	6,758,200	6,758,200	6,758,200	6,758,200	6,758,200	6,758,200	6,758,200	6,758,200
8	11,576,473	11,576,473	12,797,368	13,248,238	13,769,367	14,602,619	15,174,111	15,212,357	14,969,419	14,853,370	15,276,540	15,500,144	15,078,532
9	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%
10	54,024	54,024	59,721	61,825	64,257	68,148	70,813	70,991	69,857	68,316	71,037	72,334	70,366
11	11,425,528	11,479,542	11,539,273	11,601,058	11,665,355	11,733,501	11,804,314	11,875,305	11,945,162	12,014,478	12,085,935	12,157,869	12,228,235

Note: May include in current month, retroactive adjustments to interest actually recorded in subsequent months.

JERSEY CENTRAL POWER & LIGHT COMPANY
Summary of NGC Deferred Balance by Component (Actual)
For the Period January 1, 2016 through December 31, 2016

Line No.		Actual Data Jan - Dec 2016	Refer to Attachment E Line No(s)
1	NGC Deferred Balance at 12/31/2015	13,486,252	20
2	NGC Deferred Balance 2016:		
	Revenues:		
3	Wholesale Energy/Capacity (Sales of Committed Supply)	21,917,167	1
4	MTC/NGC Retail Tariff	12,828,317	3-(4+5)
5	Other Revenue Sources	4,634,710	2+6
6	Total Revenues	39,380,195	7
	Costs:		
7	Committed Supply: NUG and 2-Party Contract Payments	5,868,375	13+16
8	Committed Supply: Yards Creek Costs	14,015,961	8 thru 10+15
9	Other Expenses	177,946	11+12+14
10	Total Cost Incurred	20,062,282	17
11	Net Revenues in excess of costs Deferred Jan through Dec-16	(19,317,913)	
12	Securitization Servicing Fee in Excess of Costs Incurred	(228,000)	18
13	Net NGC (Over)/Under-Recovered Costs Deferred in 2016	(19,545,913)	19
14	NGC (Over)-Recovered Deferred Cost Balance at 12/31/16	(6,059,661)	20
15	NGC Deferred Interest Balance at 12/31/16	12,875,784	See Attachment F
16	NGC (Over)Under-Recovered Deferred Balance Including Interest at 12/31/16	6,816,123	

JERSEY CENTRAL POWER & LIGHT COMPANY
Calculation of Deferred NGC Expense by Month
For the Period January 1, 2016 through December 31, 2016

Line No.		Cumulative Balance Thru Dec-15	Actual Jan-16	Actual Feb-16	Actual Mar-16	Actual Apr-16	Actual May-16	Actual Jun-16
	Revenues:							
1	Wholesale Energy/Capacity Revenues (Sales of Committed Supply)		2,081,892	1,632,483	1,564,582	1,465,196	1,668,464	1,906,570
2	PJM Ancillary, Congestion & FTR Revenue		(460,836)	886,939	(496,937)	178,162	178,426	229,014
3	Total MTC Revenue		6,291,777	6,340,590	5,908,296	5,359,329	\$5,033,664	\$6,392,067
4	Less: TBC Revenue		3,836,286	3,830,092	3,571,282	3,247,853	3,058,806	\$3,838,919
5	Less: MTC-Tax Revenue		2,148,956	2,143,206	1,998,640	1,817,711	1,711,766	2,133,312
6	Telcom Revenue		215,194	221,865	221,238	229,241	218,053	223,498
7	Total Revenues		2,144,785	3,108,580	1,627,257	2,166,363	2,328,035	2,778,919
	Costs:							
8	Return on Yards Creek Investment		208,201	187,698	186,850	186,016	185,449	184,515
9	Depreciation Expense - Yards Creek & Merrill Creek		107,015	107,202	107,308	100,823	103,687	103,710
10	Production O&M - Yards Creek		244,357	264,227	286,861	616,179	292,502	266,688
11	Ancillary Services		19,865	36,935	6,209	26,436	25,423	27,123
12	Financial Instruments - Incls. FTR Expense		3,600	3,600	3,600	3,600	480	480
13	Bilateral/2-Party Agreements		325,713	500,137	196,935	269,252	356,909	1,245,122
14	PJM Transmission Congestion		(8,784)	(8,784)	(21,006)	(10,560)	(6,492)	(5,148)
15	Yards Creek PJM Pumped Storage Cost		668,416	516,033	285,185	276,766	431,719	588,021
16	NUG Contract Payments		237,523	167,008	248,846	209,510	217,080	221,824
17	Total Costs		1,806,410	1,774,055	1,302,788	1,678,040	1,606,787	2,632,335
18	Annual Servicing Fee Paid in Excess of Cost Incurred		-	-	-	-	-	-
19	(Over)/Under Recovery of Costs		(338,374)	(1,334,526)	(324,469)	(488,323)	(721,278)	(146,584)
20	Cumulative (Over)/Under Recovery - NGC Balance		13,486,252	11,813,352	11,488,884	11,009,561	10,279,283	10,132,699

JERSEY CENTRAL POWER & LIGHT COMPANY
Calculation of Deferred NGC Expense by Month
For the Period January 1, 2016 through December 31, 2016

Line No.		Actual Jul-16	Actual Aug-16	Actual SEP-16	Actual Oct-16	Actual Nov-16	Actual Dec-16	YTD 2016
1	Revenues:							
2	Wholesale Energy/Capacity Revenues (Sales of Committed Supply)	2,702,970	2,445,032	2,015,079	1,257,276	1,391,055	1,786,569	21,917,167
3	PJM Ancillary, Congestion & FTR Revenue	279,947	278,635	242,774	251,615	201,417	202,241	1,971,396
4	Total MTC Revenue	\$7,588,591	\$8,825,997	\$9,041,846	\$8,001,890	\$7,597,193	\$7,990,701	84,372,342
5	Less: TBC Revenue	\$4,483,425	\$5,138,077	\$4,646,903	\$3,448,053	\$3,329,804	\$3,422,951	45,852,450
6	Less: MTC-Tax Revenue	2,464,187	2,854,858	2,628,567	1,950,944	1,887,747	1,953,681	25,691,575
7	Telcom Revenue	227,789	221,612	223,607	219,426	220,247	221,546	2,663,315
8	Total Revenues	3,852,085	3,778,340	4,247,835	4,331,210	4,192,361	4,824,424	39,380,195
9	Costs:							
10	Return on Yards Creek Investment	188,087	187,242	186,387	185,531	184,676	183,864	2,254,515
11	Depreciation Expense - Yards Creek & Merrill Creek	104,258	104,818	104,819	104,819	104,819	104,824	1,256,101
12	Production O&M - Yards Creek	236,345	328,242	272,252	416,586	385,838	306,965	3,917,041
13	Ancillary Services	36,426	31,510	26,997	20,489	16,434	26,538	300,386
14	Financial Instruments - Incls. FTR Expense	480	480	480	480	480	480	18,240
15	Bilateral/2-Party Agreements	314,862	541,266	187,619	231,250	(1,181,405)	267,637	3,257,295
16	PJM Transmission Congestion	(5,351)	(10,829)	(20,017)	(28,112)	(13,984)	(2,117)	(140,680)
17	Yards Creek PJM Pumped Storage Cost	937,085	842,485	563,639	259,868	433,176	783,893	6,586,303
18	NUG Contract Payments	220,093	220,540	218,195	217,259	212,803	220,400	2,611,080
19	Total Costs	2,032,285	2,245,753	1,540,370	1,408,170	1,42,836	1,892,483	20,062,282
20	Annual Servicing Fee Paid in Excess of Cost Incurred	(228,000)						(228,000)
21	(Over)/Under Recovery of Costs	(2,047,804)	(1,632,588)	(2,707,465)	(2,923,040)	(4,049,525)	(2,931,942)	(19,545,913)
22	Cumulative (Over)/Under Recovery - NGC Balance	8,084,998	6,552,311	3,844,845	921,805	(3,127,719)	(6,059,661)	

Jersey Central Power & Light Company
Calculation of Interest on NGC Deferred Balance
For the Period January 1, 1916 through December 31, 2015

Line No.	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL
	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16			
1	13,486,252	13,447,978	11,813,352	11,488,884	11,000,561	10,278,283	10,132,699	8,084,898	6,552,311	3,844,845	921,805	(3,127,719)	(6,059,661)	Cumulative (Over)Under Recovered NGC Deferred Balance		
2	13,486,252	13,447,978	11,813,352	11,488,884	11,000,561	10,278,283	10,132,699	8,084,898	6,552,311	3,844,845	921,805	(3,127,719)	(6,059,661)	Balance at end of month for interest calculation		
3	5,509,134	5,376,908	4,825,754	4,693,729	4,493,729	4,199,087	4,139,206	3,302,681	2,676,619	1,570,619	376,557	(1,277,673)	(2,475,372)	Deferred Tax Balance @ 40.85%		
4	7,977,118	7,776,970	6,987,598	6,795,675	6,506,832	6,080,196	5,993,491	4,782,217	3,875,692	2,274,228	545,248	(1,850,045)	(3,584,289)	Deferred Balance Net of Tax for Interest Calculation		
5	12,228,235	12,228,235	12,228,235	12,228,235	12,228,235	12,228,235	12,228,235	12,228,235	12,228,235	12,228,235	12,228,235	12,228,235	12,228,235	Accumulated Interest at January 1 for Compounding		
6	4,995,234	4,995,234	4,995,234	4,995,234	4,995,234	4,995,234	4,995,234	4,995,234	4,995,234	4,995,234	4,995,234	4,995,234	4,995,234	Deferred Tax Balance @ 40.85%		
7	7,233,001	7,233,001	7,233,001	7,233,001	7,233,001	7,233,001	7,233,001	7,233,001	7,233,001	7,233,001	7,233,001	7,233,001	7,233,001	Accumulated Interest Net of Tax for Compounding		
8	15,110,045	15,110,045	14,615,285	14,124,637	13,684,254	13,226,515	13,269,845	12,620,855	11,561,956	10,307,960	8,642,738	6,580,602	4,515,033	Total Average Deferred Balance for Interest		
9	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%	5,600,000%	Interest Rate		
10	70,314	70,314	66,205	65,515	64,750	63,124	61,926	59,987	53,956	48,104	40,333	30,709	21,074	Interest on Deferred Balance for Month		
11	12,228,235	12,268,749	12,366,953	12,432,868	12,497,661	12,560,789	12,622,711	12,681,608	12,735,564	12,783,668	12,824,001	12,854,710	12,875,784	Total Cumulative Deferred Interest		

Note: May include in current month, retroactive adjustments to interest actually recorded in subsequent months