



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) ORDER APPROVING STIPULATION
OF JERSEY CENTRAL POWER & LIGHT) FOR FINAL RATES
COMPANY CONSTITUTING ITS ANNUAL)
FILING WITH RESPECT TO THE NON-UTILITY)
GENERATION CHARGE CLAUSE OF ITS)
FILED TARIFF ("2017 NGC FILING")) DOCKET NO. ER18090977

Parties of Record:

Gregory Eisenstark, Esq., Cozen O'Connor, on behalf of Jersey Central Power & Light Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On September 7, 2018, Jersey Central Power & Light Company ("JCP&L" or the "Company") filed a petition ("September 2018 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, which among other things, relate to the amounts paid by the Company under Board-approved contracts with non-utility generators ("NUGs"), for the period January 1, 2017 through December 31, 2017 ("2017 NGC Period"). By Order dated October 29, 2018, the Board authorized JCP&L to implement a provisional NGC rate, subject to refund. By this Decision and Order, the Board considers a Stipulation of Settlement ("Stipulation") for final rates executed by JCP&L, Board Staff ("Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, the "Parties").

BACKGROUND AND PROCEDURAL HISTORY

As a result of the Board's Final Decision and 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, the portion of the costs of power purchases from NUGs that has been deferred on JCP&L's

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 (March 7, 2001) ("Restructuring Order").

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.

SEPTEMBER 2018 PETITION

On September 7, 2018, JCP&L filed the September 2018 Petition with the Board seeking review and approval of the amounts included in the Company's NGC deferred balance to the extent accumulated during the 2017 NGC Period. In the September 2018 Petition, JCP&L stated that the net NGC deferral balance at December 31, 2017 amounted to an over-recovery of \$29,171,002, after the application of carrying costs of \$190,279. In addition, the Company projected that, at present rates, the net NGC deferred balance at December 31, 2018 would be an over-recovery of \$45,275,310, after the application of over-recovered carrying costs of \$749,906. Accordingly, the Company proposed to decrease the composite Market Transition Charge/NGC ("MTC/NGC") factor from \$0.001527 per kWh (excluding Sales and Use Tax ("SUT")) to a credit rate of \$0.000688 per kWh (excluding SUT). The proposed decrease in the composite MTC/NGC factor of \$0.002215 per kWh (excluding SUT) would result in a decrease of \$45,275,310 per year in NGC revenues.

As noted above, by Order dated October 29, 2018, the Board approved the implementation of provisional rates effective November 1, 2018 as follows: JCP&L's composite MTC/NGC factor was decreased, on a provisional basis, from \$0.001527 per kWh (excluding SUT) to \$0.000451 per kWh (excluding SUT). The total revenue decrease associated with the provisional decrease in the composite NGC factor was approximately \$22 million on an annual basis.

The Company's September 2018 Petition requested a decrease in rates, therefore, public hearings were not held in this matter. In addition, no written comments from the public were received.

STIPULATION

Following a review of discovery, the Parties discussed the issues in this matter. As a result, on May 29, 2019, the Parties executed the Stipulation to finalize rates in this matter. The Stipulation provides for the following:²

1. The Parties agree that, as per the schedules attached to the Stipulation, the Company's ending deferred NGC balance at December 31, 2017 amounted to an over-recovery of \$29,171,002, after the application of carrying costs of \$190,279. See Attachments A, B and C of the Stipulation.
2. The Parties agree that the Company's ending deferred NGC balance at December 31, 2018 will be reviewed in the Company's 2018 NGC filing.

²Although 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. Each paragraph is numbered to coincide with the paragraphs of the Stipulation.

3. The Parties also agree that, in light of the expiration of many of the Company's long-term NUG PPAs and the over-recovered NGC deferred balance, it is appropriate for the current provisional composite MTC/NGC factor of \$0.000451 per kWh (excluding SUT) to be set as the final rate in this proceeding.
4. The Parties further agree that 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 3.16%. The annual compounding date remains January 1st 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, 2017, 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 2017 NGC Filing shall all be deemed closed and resolved except as follows: (1) JCP&L has identified an accounting issue related to certain costs associated (\$62,814.71) with the operation of Yards Creek, which costs were incurred in 2017, therefore, the issue of the amount of Yards Creek costs JCP&L incurred during 2017 shall remain open and subject to review in the Company's 2018 NGC filing; and (2) any data for calendar year 2018 shall be subject to review in the Company's 2018 NGC filing. With respect to the Yards Creek costs, the Parties agree that this is the only amount to be reviewed in the 2018 NGC filing related to costs incurred during the 2017 NGC Filing.

DISCUSSION AND FINDING

The Board has carefully reviewed the record in this proceeding, including the September 2018 Petition and the attached Stipulation which authorizes the Company to maintain the provisional NGC rates. The Board is satisfied that the costs and revenues related to the NGC clause have been reviewed through December 31, 2017 with the exception of the 2017 costs related to the accounting for Yards Creek costs and are deemed reasonable and prudent, and are therefore in public interest. The Board **FINDS** that the Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein.

The Board **HEREBY APPROVES**, as final, a composite MTC/NGC factor of \$0.000451 per kWh (excluding SUT). As a result of the Stipulation, customers will see no change in their monthly bills.

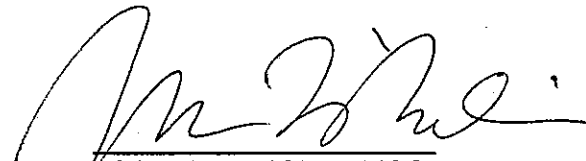
The Board **HEREBY DIRECTS** the Company to file the appropriate revised tariff sheets conforming to the terms of this Order by July 1, 2019.

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 22, 2019.

DATED: 6/12/19

BOARD OF PUBLIC UTILITIES
BY:



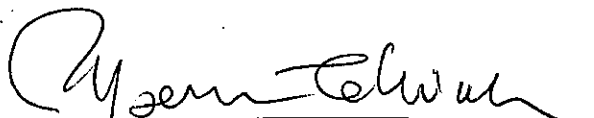
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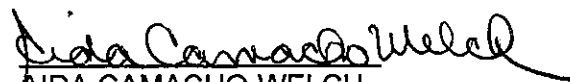
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COMMISSIONER

ATTEST: 

AIDA CAMACHO-WELCH
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 ("2017 NGC FILING")
BPU DOCKET NO. ER18090977

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May 30, 2019

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VIA E-MAIL AND OVERNIGHT DELIVERY

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**Re: 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 ("2017 NGC Filing")
BPU Docket No ER18090977**

Dear Secretary Camacho-Welch:

Enclosed for filing is a Stipulation of Settlement in the above-referenced matter that has
been executed by all parties.

Thank you for your consideration in this regard.

Respectfully submitted,

COZEN O'CONNOR



By: Gregory Eisenstark

GE:emmc

cc: Service List

LEGAL41416472\1

**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 ("NGC") of Its Filed Tariff
"2017 NGC Filing"**

BPU Docket No. ER18090977

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**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 (“2017 NGC Filing”)

**STIPULATION
OF
SETTLEMENT FOR
FINAL RATES**

BPU Docket No. ER18090977

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

APPEARANCES:

Gregory Eisenstark, Esq., (Cozen O’Connor) attorney for the 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)

Renee Greenberg, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Gurbir S. Grewal**, 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 New Jersey 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 New Jersey Board of Public Utilities (“Board” or “BPU”) 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*, BPU 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 BPU 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, Staff and the then New Jersey

¹ The NUG clause was originally designated as the Market Transition Charge and renamed the Non-Utility Generation Charge effective September 1, 2004 to comply with the BPU's final order dated May 17, 2004 in BPU Docket Nos. ER02080506 *et al.*

² *See* the Restructuring Order at 112, ¶30.

Department of the Public Advocate, Division of Rate 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 (BPU Docket No. ER07120967)⁴; its 2008 NGC Filing on January 28, 2009 (BPU Docket No. ER09040316); and its 2009 NGC Filing on July 26, 2010 (BPU Docket No. ER10070493). Pursuant to a Stipulation Setting Provisional Rates, dated January 27, 2011, among the Parties in BPU 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 (BPU Docket No. ER11040224).

By a Board Order dated February 10, 2012 approving the Stipulation of Settlement dated February 2, 2012 by and among the Parties, the Company’s 2007, 2008, 2009, and 2010 NGC

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 to the 2006 NGC Order (at 5, ¶9), was to be “the basis for future discussions with [Board] Staff and Rate Counsel.” Thereafter, JCP&L filed quarterly NUG Mitigation Reports until JCP&L’s Power Purchase Agreement (“PPA”) with Manchester Renewable Power Corp. (“MRPC”) terminated on February 8, 2017. Because MRPC was the last of 13 NUG PPAs to terminate, JCP&L notified the BPU in the text of its April 27, 2017 NUG Mitigation Report that this would be JCP&L’s final quarterly report submission unless the BPU directed otherwise.

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 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 (BPU 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 (BPU 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 Parties in BPU 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 BPU 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 Sales and Use Tax ("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 1st 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, Administrative Law Judge ("ALJ"). Judge McGill presided over a prehearing conference on January 12, 2017.

Following settlement discussions, the Parties entered into a Stipulation of Settlement on April 25, 2017, which was filed with ALJ McGill on April 26, 2017. On May 2, 2017, ALJ McGill issued an Initial Decision – Settlement approving the April 25, 2017 Stipulation. On May 31, 2017, the Board issued a Decision and Order approving the Initial Decision – Settlement and thereby resolved the 2015 NGC filing. The Decision and Order approved no change to the non-securitized NGC factor, which remained at \$0.001493 per kWh (excluding SUT).

On March 28, 2017, JCP&L filed with the Board a Verified Petition, including supporting schedules in BPU Docket No. ER17030306 ("2016 NGC Filing"), seeking review and approval of the deferred amounts included in the Company's NGC deferred balance, which, among other things, relate to amounts paid by the Company under Board-approved contracts with NUGs, to the extent accumulated from January 1, 2016 through December 31, 2016 (the "2016 NGC Period"). In the 2016 NGC Filing, JCP&L proposed to decrease the composite MTC/NGC factor from the current level of \$0.005012 per kWh (excluding SUT) to \$0.001527 per kWh (excluding SUT) effective June 1, 2017. The proposed decrease in the composite MTC/NGC factor of \$0.003485 per kWh (excluding SUT) would result in a decrease of \$69.41 million per year in NGC revenues.

Following settlement discussions, on May 11, 2017, the Parties entered into a Stipulation for Provisional Rates. In an Order dated May 31, 2017, the Board approved the implementation of provisional rates effective June 10, 2017 as follows: the composite MTC/NGC factor was decreased to \$0.001527 per kWh (excluding SUT) effective June 10, 2017. In addition to the unsecuritized portion of the NGC, the revised composite MTC/NGC factor included: (1) the reduction of the OC-TBC and OC-MTC-Tax associated with the Oyster Creek to zero, which was effective as of May 7, 2017 as provided in its final true-up letter (year 15) dated February 28, 2017; and (2) the increase in the DB-TBC and DB-MTC-Tax associated with the securitization of Deferred BGS Transition Costs to \$0.000943 per kWh (excluding SUT) and \$0.000509 per kWh (excluding SUT), respectively, effective as of June 1, 2017 as provided in its annual true-up letter (year 12) dated March 16, 2017. The net impact of the provisional rate change was a revenue decrease of approximately \$69.41 million on an annual basis.

On November 8, 2017, JCP&L filed an update to the 2016 NGC Filing ("First Update"), wherein the Company proposed to decrease its composite MTC/NGC factor by an additional \$0.000904 per kWh, which would result in a composite MTC/NGC factor of \$0.000623 per kWh. The result of this additional rate decrease would be an incremental reduction in Rider NGC revenues of approximately \$18 million on an annual basis, compared to the provisional rate in effect at the time. In the First Update, JCP&L explained that the \$18 million incremental decrease was appropriate and necessary given the current over-recovered NGC balance.

On June 29, 2018, JCP&L filed the second update to the 2016 NGC Filing ("Second Update"). The Second Update provided a further reconciliation of the final true-up of the transition bond charge associated with the Oyster Creek securitization, and corrected the data related to calculation of the costs of St. Lawrence hydro power allocation that JCP&L manages as the

“nominal recipient” on behalf of the state’s electric distribution companies. Under the Second Update, the Company proposed to decrease the composite MTC/NGC factor by an additional \$0.000150 per kWh, which would result in a composite MTC/NGC factor of \$0.000473 per kWh. This additional rate decrease would result in a reduction in Rider NGC revenues of approximately \$21.8 million on an annual basis, compared to the provisional rate in effect at the time.

Following settlement discussions, the Parties entered into a Stipulation of Settlement on August 30, 2018, which was filed with the Board on August 31, 2018. On September 17, 2018, the Board issued a Decision and Order approving the Stipulation and thereby resolving the 2016 NGC Filing. The Decision and Order approved the composite MTC/NGC factor of \$0.001527 per kWh (excluding SUT) as the final rate in that proceeding.

On September 7, 2018, JCP&L filed with the Board a Verified Petition, including supporting schedules, under BPU Docket No. ER18090977 (“2017 NGC Filing”), seeking review and approval of the deferred amounts included in the Company’s NGC deferred balance, which, among other things, relate to amounts paid by the Company under Board-approved contracts with NUGs, to the extent accumulated from January 1, 2017 through December 31, 2017 (the “2017 NGC Period”). In the 2017 NGC Filing, JCP&L proposed to decrease the composite MTC/NGC factor from the current level of \$0.001527 per kWh (excluding SUT) to a credit rate of \$0.000688 per kWh (excluding SUT) effective March 1, 2019. The proposed decrease in the composite MTC/NGC factor of \$0.002215 per kWh (excluding SUT) would result in a decrease of approximately \$45.3 million per year in NGC revenues. The impact of the proposed decrease on a residential customer using 768 kWh per month would be a decrease of approximately 1.8%, or \$1.85 per month, based on rates effective as of September 1, 2018.

After the exchange of information and discussions about the 2017 NGC Filing, on October

1, 2018, the Parties entered into a Stipulation for Provisional Rates. In an Order dated October 29, 2018, the Board approved the implementation of provisional rates effective November 1, 2018 as follows: JCP&L's composite MTC/NGC factor was decreased, on a provisional basis, from the current level of \$0.001527 per kWh (excluding SUT) to \$0.000451 per kWh (excluding SUT). The revenue decrease associated with the provisional decrease in the composite NGC factor was approximately \$22 million on an annual basis. As a result of the Stipulation for Provisional Rates, a typical residential customer using approximately 769 kWh per month would experience a decrease in their monthly bill of \$0.90 or approximately 0.9%.

Stipulation

1. The Parties agree that, as per the schedules attached hereto, the Company's ending deferred NGC balance at December 31, 2017 amounted to an over-recovery of \$29,171,002, after the application of carrying costs of \$190,279. *See* Attachments A, B and C.

2. The Parties agree that the Company's ending deferred NGC balance at December 31, 2018 will be reviewed in the Company's 2018 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 over-recovered NGC deferred balance, it is appropriate for the current provisional composite MTC/NGC factor of \$0.000451 per kWh (excluding SUT) to be set as the final rate in this proceeding.

4. The Parties further agree that 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 3.16%. The annual compounding date remains January 1st 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, 2017, 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 2017 NGC Filing shall all be deemed closed and resolved except as follows: (1) JCP&L has identified an accounting issue related to certain costs associated (\$62,814.71) with the operation of Yards Creek, which costs were incurred in 2017. Therefore, the issue of the amount of Yards Creek costs JCP&L incurred during 2017 shall remain open and subject to review in the Company's 2018 NGC filing; and (2) any data for calendar year 2018 shall be subject to review in the Company's 2018 NGC filing. With respect to the Yards Creek costs, the Parties agree that this is the only amount to be reviewed in the 2018 NGC filing related to costs incurred during the 2017 NGC Filing.

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.

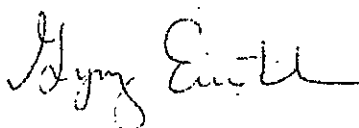
b. The contents of this Stipulation shall not in any way be considered, cited or used by any of the undersigned Parties as an indication of any Party's position on any related or other issue litigated in any other proceeding or forum, except to enforce the terms of this Stipulation.

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

Gurbir S. Grewal, Attorney General of New Jersey
Attorney for Staff of the Board of Public Utilities



By: Renee Greenberg
Renee Greenberg
Deputy Attorney General

By:

Dated: May 29, 2019

Gregory Eisenstark, Esq.
Cozen O'Connor

Dated: May 17, 2019

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

By: AMI MORITA
~~Maria Novas-Ruiz, Esq.~~ AMI MORITA
~~Assistant Deputy Rate Counsel~~

Dated: _____

JERSEY CENTRAL POWER & LIGHT COMPANY
Summary of NGC Deferred Balance by Component (Actual)
For the Period January 1, 2017 through December 31, 2017

Line No.		Actual Data Jan - Dec 2017	Refer to Attachment B Line No(s).
1	NGC Deferred Balance at 12/31/2016	6,816,123	23
2	<u>NGC Deferred Balance 2017:</u>		
	<u>Revenues:</u>		
3	Wholesale Energy/Capacity (Sales of Committed Supply)	18,089,060	1
4	MTC/NGC Retail Tariff	21,598,824	3-(4+5)
5	Other Revenue Sources	4,485,601	2+6
6	Total Revenues	44,173,484	7
	<u>Costs:</u>		
7	Committed Supply: NUG and 2-Party Contract Payments	4,873,872	15+18
8	Committed Supply: Yards Creek Costs	12,624,378	8 thru 10+17
9	St. Lawrence Hydro NYISO and NITS Charges	2,045,252	13+14
10	Other Expenses	208,150	11+12+16
11	Total Cost Incurred	19,751,652	19
12	Net Revenues in excess of costs Deferred Jan through Dec-17	(24,421,832)	
13	Securitization Servicing Fee in Excess of Costs Incurred	(228,000)	20
14	JCP&L Transition Funding LLC Overcollection	(11,147,014)	21
15	Net NGC (Over)/Under-Recovered Costs Deferred in 2017	(35,796,846)	22
16	NGC (Over)-Recovered Deferred Cost Balance at 12/31/17	(28,980,723)	23
17	NGC Deferred Interest Balance at 12/31/17	(190,279)	See Attachment C
18	NGC (Over)Under-Recovered Deferred Balance Including Interest at 12/31/17	(29,171,002)	

JERSEY CENTRAL POWER & LIGHT COMPANY
Calculation of Deferred NGC Expense by Month
For the Period January 1, 2017 through December 31, 2017

Line No.	Cumulative Balance Thru Dec-16	Actual Jan-17	Actual Feb-17	Actual Mar-17	Actual Apr-17	Actual May-17	Actual Jun-17
Revenues:							
1	Wholesale Energy/Capacity Revenues (Sales of Committed Supply)	1,651,479	1,187,718	1,556,033	1,356,541	1,495,273	1,506,497
2	PJM Ancillary, Congestion & FTR Revenue	186,313	171,872	183,036	161,765	181,707	146,761
3	Total MTC Revenue	9,047,894	8,090,027	7,724,015	7,321,614	7,335,663	7,201,096
4	Less: TBC Revenue	3,871,133	3,342,231	3,009,632	2,867,519	2,503,437	1,509,939
5	Less: MTC-Tax Revenue	2,210,018	1,874,993	1,633,595	1,554,864	1,326,942	737,767
6	Telcom Revenue	219,397	221,777	220,742	221,098	220,942	222,473
7	Total Revenues	5,023,932	4,454,169	5,040,599	4,638,635	5,403,207	6,829,121
Costs:							
8	Return on Yards Creek Investment	182,978	167,288	166,519	165,739	164,957	164,176
9	Depreciation Expense - Yards Creek & Merrill Creek	104,826	104,822	104,824	104,825	104,825	104,825
10	Production O&M - Yards Creek	309,257	285,168	280,790	253,897	212,662	224,653
11	Ancillary Services	15,582	7,422	19,129	16,355	38,824	10,811
12	Financial Instruments - Incls. FTR Expense	480	480	480	480	480	480
13	St. Lawrence Hydro NYISO and NITS Charges (Year 2016)	978,951					
14	St. Lawrence Hydro NYISO and NITS Charges	54,348	96,675	66,031	46,569	67,038	95,173
15	Bilateral/2-Party Agreements	236,348	289,126	300,712	2,106,611	499,937	180,220
16	PJM Transmission Congestion	(1,321)	(1,828)	(493)	(818)	(5,687)	(4,153)
17	Yards Creek PJM Pumped Storage Cost	604,290	371,427	622,078	455,014	465,509	462,496
18	NUG Contract Payments	237,305	30,516	22,280	12,175	3,625	9,505
19	Total Costs	2,723,045	1,351,095	1,582,348	3,160,846	1,552,172	1,248,186
20	Annual Servicing Fee Paid in Excess of Cost Incurred	-	-	-	-	-	-
21	JCP&L Transition Funding LLC Overcollection	-	-	-	-	-	-
22	(Over)/Under Recovery of Costs	(2,300,887)	(3,103,074)	(3,458,250)	(1,477,788)	(3,851,035)	(5,580,935)
23	Cumulative (Over)/Under Recovery - NGC Balance	6,816,123	4,515,236	1,412,162	(2,046,088)	(7,374,911)	(12,955,847)

JERSEY CENTRAL POWER & LIGHT COMPANY
Calculation of Deferred NGC Expense by Month
For the Period January 1, 2017 through December 31, 2017

Line No.		Actual Jul-17	Actual Aug-17	Actual Sep-17	Actual Oct-17	Actual Nov-17	Actual Dec-17	YTD 2017
	Revenues:							
1	Wholesale Energy/Capacity Revenues (Sales of Committed Supply)	2,330,814	1,422,797	1,644,109	1,035,622	1,402,793	1,499,383	18,089,060
2	PJM Ancillary, Congestion & FTR Revenue	185,915	162,357	135,910	137,132	127,480	32,091	1,812,339
3	Total MTC Revenue	3,780,779	3,199,614	2,781,441	2,529,355	2,205,014	2,389,640	63,606,149
4	Less: TBC Revenue	1,992,285	1,972,635	1,722,938	1,567,091	1,371,477	1,485,020	27,215,336
5	Less: MTC-Tax Revenue	1,072,510	1,064,454	929,626	845,699	740,076	801,446	14,791,989
6	Telcom Revenue	223,840	222,257	224,733	224,179	223,011	228,814	2,673,262
7	Total Revenues	3,456,554	1,969,935	2,133,629	1,513,498	1,846,745	1,863,461	44,173,484
	Costs:							
8	Return on Yards Creek Investment	163,381	162,587	161,799	161,274	160,636	159,771	1,981,104
9	Depreciation Expense - Yards Creek & Merrill Creek	106,288	106,288	105,461	105,489	105,533	105,540	1,263,547
10	Production O&M - Yards Creek	254,107	235,306	383,087	599,673	169,241	249,124	3,456,965
11	Ancillary Services	20,529	25,295	18,429	29,509	18,286	16,566	236,736
12	Financial Instruments - Incls. FTR Expense	480	480	480	480	480	480	5,760
13	St. Lawrence Hydro NYISO and NITS Charges (Year 2016)							978,951
14	St. Lawrence Hydro NYISO and NITS Charges	102,777	91,747	88,243	114,401	124,603	118,695	1,066,300
15	Bilateral/2-Party Agreements	227,113	424,827	(363,171)	182,953	204,533	184,867	4,474,077
16	PJM Transmission Congestion	(1,282)	(3,502)	1,425	(6,974)	(8,552)	(1,161)	(34,346)
17	Yards Creek PJM Pumped Storage Cost	794,396	427,959	543,709	89,647	502,516	583,721	5,922,761
18	NUG Contract Payments	3,108	5,687	(98)	7,680	36,010	32,003	399,796
19	Total Costs	1,670,898	1,476,674	939,365	1,284,131	1,313,286	1,449,605	19,751,652
20	Annual Servicing Fee Paid in Excess of Cost Incurred	(228,000)	-	-	-	-	-	(228,000)
21	JCP&L Transition Funding LLC Overcollection		(5,364,153)				(5,782,860)	(11,147,014)
22	(Over)/Under Recovery of Costs	(2,013,656)	(5,857,414)	(1,194,264)	(229,367)	(533,459)	(6,196,716)	(35,796,846)
23	Cumulative (Over)/Under Recovery - NGC Balance	(14,969,503)	(20,826,917)	(22,021,181)	(22,250,548)	(22,784,007)	(28,980,723)	

Jersey Central Power & Light Company
Calculation of Interest on NGC Deferred Balance
For the Period January 1, 2017 through December 31, 2017

Line No.	ACTUAL Dec-16	ACTUAL Jan-17	ACTUAL Feb-17	ACTUAL Mar-17	ACTUAL Apr-17	ACTUAL May-17	ACTUAL Jun-17
1 Cumulative (Over)/Under Recovered NGC Deferred Balance	6,816,123	4,515,236	1,412,162	(2,046,088)	(3,523,876)	(7,374,911)	(12,955,847)
2 Balance at end of month for interest calculation	6,816,123	4,515,236	1,412,162	(2,046,088)	(3,523,876)	(7,374,911)	(12,955,847)
3 Deferred Tax Balance @ 40.85%	2,784,386	1,844,474	576,868	(835,827)	(1,439,503)	(3,012,651)	(5,292,463)
4 Deferred Balance Net of Tax for Interest Calculation	4,031,737	2,670,762	835,294	(1,210,261)	(2,084,373)	(4,362,260)	(7,663,384)
5 Accumulated Interest at January 1 for Compounding	-	-	-	-	-	-	-
6 Deferred Tax Balance @ 40.85%	-	-	-	-	-	-	-
7 Accumulated Interest Net of Tax for Compounding	-	-	-	-	-	-	-
8 Total Average Deferred Balance for Interest		3,351,250	1,753,028	(187,483)	(1,647,317)	(3,223,317)	(6,012,822)
9 Interest Rate		5.6000%	5.6000%	5.6000%	5.6000%	5.6000%	3.1812%
10 Interest on Deferred Balance for Month		15,639	8,181	(875)	(7,687)	(15,042)	(15,940)
11 Total Cumulative Deferred Interest	-	15,639	23,820	22,945	15,258	216	(15,724)

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

Jersey Central Power & Light Company
Calculation of Interest on NGC Deferred Balance
For the Period January 1, 2017 through December 31, 2017

Line No.	ACTUAL Jul-17	ACTUAL Aug-17	ACTUAL Sep-17	ACTUAL Oct-17	ACTUAL Nov-17	ACTUAL Dec-17	
1	Cumulative (Over)/Under Recovered NGC Deferred Balance	(14,969,503)	(20,826,917)	(22,021,181)	(22,250,548)	(22,784,007)	(28,980,723)
2	Balance at end of month for interest calculation	(14,969,503)	(20,826,917)	(22,021,181)	(22,250,548)	(22,784,007)	(28,980,723)
3	Deferred Tax Balance @ 40.85%	(6,115,042)	(8,507,796)	(8,995,653)	(9,089,349)	(9,307,267)	(11,838,625)
4	Deferred Balance Net of Tax for Interest Calculation	(8,854,461)	(12,319,121)	(13,025,528)	(13,161,199)	(13,476,740)	(17,142,098)
5	Accumulated Interest at January 1 for Compounding	-	-	-	-	-	-
6	Deferred Tax Balance @ 40.85%	-	-	-	-	-	-
7	Accumulated Interest Net of Tax for Compounding	-	-	-	-	-	-
8	Total Average Deferred Balance for Interest	(8,258,922)	(10,586,791)	(12,672,325)	(13,093,363)	(13,318,969)	(15,309,419)
9	Interest Rate	2.8600%	2.8600%	2.8600%	2.8600%	2.8600%	2.8600%
10	Interest on Deferred Balance for Month	(19,684)	(25,232)	(30,202)	(31,206)	(31,744)	(36,487)
11	Total Cumulative Deferred Interest	(35,408)	(60,640)	(90,842)	(122,048)	(153,792)	(190,279)

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