



Agenda Date: 7/10/19
Agenda Item: 2C

STATE OF NEW JERSEY
Board of Public Utilities
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Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE VERIFIED PETITION OF)
JERSEY CENTRAL POWER & LIGHT COMPANY)
CONSTITUTING ITS ANNUAL FILING WITH RESPECT)
TO THE STORM RECOVERY CHARGE RIDER OF ITS)
FILED TARIFF ("2018-19 SRC FILING"))

DECISION AND ORDER
APPROVING STIPULATION

DOCKET NO. ER19010061

Parties of Record:

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

BY THE BOARD:

On January 15, 2019, Jersey Central Power & Light Company ("JCP&L" or "Company") filed a petition ("January 2019 Petition") with the New Jersey Board of Public Utilities ("Board" or "BPU") requesting review and approval of the amounts included in the Company's Storm Recovery Charge ("SRC") deferred balance relating to the recovery of Board-approved 2012 Major Storm¹ deferred operations and maintenance ("O&M") costs, to the extent accumulated from April 1, 2018 and March 31, 2019. By this Order, the Board considers a Stipulation of Settlement ("Stipulation") executed by JCP&L, Board Staff ("Staff") and the New Jersey Division of Rate Counsel ("Rate Counsel"), (collectively, "Parties") intended to resolve the Company's requests related to the above docketed matter.

BACKGROUND

In the March 20 Order, the Board established a generic proceeding to review the prudence of costs incurred by New Jersey utilities in response to the multiple major storm events of 2011 and 2012 ("Storm Cost Proceeding"). On June 23, 2013, JCP&L filed a petition, Docket No. EO13050391, with supporting testimony, schedules, and exhibits pursuant to the March 20 Order seeking approval to recover, through base rates, all costs it incurred associated with the 2011 Major Storms (Hurricane Irene and the October snow storm), and the 2012 Major Storms (Super Storm Sandy and the November 2012 Nor'easter).

¹ A Major Storm event is defined as sustained impact on or interruption of utility service resulting from conditions beyond the control of the utility that affect at least ten percent (10%) of the customers in an operating area. See In re the Board's Establishment of a Generic Proceeding to Review the Prudence of Costs Incurred by New Jersey Utilities in Response to Major Storm Events in 2011 and 2012, BPU Docket No. AX13030196 (March 20, 2013) ("March 20 Order").

By Order² dated March 19, 2014, the Board approved the amount of the 2011 and 2012 Major Storm Costs that could be recovered from ratepayers. The March 2014 Order returned the 2011 Major Storm Costs to the then-pending JCP&L Base Rate case (Docket No. ER12111052) with the exact manner of recovery to be decided within the base rate case. (March 2014 Order at 5). The March 2014 Order also adopted a briefing schedule proposed by the parties for a determination of the mechanism for recovery of the 2012 Major Storm Costs. (ibid.)³

By Order⁴ dated March 26, 2015, the Board ordered that the 2012 Major Storm capital costs, \$333,184,830, be incorporated into the base rates established in the then-pending base rate case. While, the O&M expenses, \$247,003,027, should be recovered on a per kilowatt hour ("kWh") basis, amortized over a six (6) year period through a new clause, the SRC, to be true-up annually. The Storm Cost Order also provided that the SRC rate shall include carrying costs on the unamortized balance of the deferred O&M costs associated with the 2012 major storm events. (Storm Cost Order at 8). The carrying costs were to be calculated on a monthly basis at an interest rate equal to the rate on seven (7)-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, compounded annually. JCP&L was required to file its annual cost true-up petition by January 15th of each year, with rates proposed to be effective April 1 of the filing year. (ibid.) The initial SRC rate of \$0.002125 per kWh [\$0.0022274 including Sales and Use Tax ("SUT")] was implemented on April 1, 2015.

On January 15, 2016, JCP&L filed a petition ("2015-2016 SRC Petition") to reconcile its SRC rate for the 2015-2016 period. In November 2016, JCP&L filed an amendment ("Amendment") to the 2015-2016 SRC Petition. The genesis of the amendment was a settlement term in the Company's then-pending base rate case (Docket No. ER16040383). In the Amendment, JCP&L requested authorization to accelerate the amortization of the 2012 Major Storm expenses to be recovered via the SRC to achieve full recovery by December 31, 2019, which would improve JCP&L's Funds from Operations to Debt credit metric, which in turn would strengthen the Company's overall credit profile. As a result of this Amendment, JCP&L proposed to increase its Rider SRC rate of \$0.002125 per kWh (excluding SUT) to \$0.003084 per kWh (excluding SUT). By Order⁵ dated January 25, 2017, the Board approved a stipulation, which approved the Amendment and the updated Rider SRC rate of \$0.003084 per kWh (excluding SUT).

² In re the Board's Establishment of a Generic Proceeding to Review the Prudency of Costs Incurred by New Jersey Utilities in Response to Major Storm Events in 2011 and 2012 and In re the Board's Review of the Prudency of the Costs Incurred by Jersey Central Power and Light Company in Response to Major Storm Events of 2011 and 2012, BPU Docket Nos. AX13030196 and EO13050391 (March 19, 2014) ("March 2014 Order").

³ The March 2014 Order approved the following costs to be recovered by ratepayers: 1) 2011 capital costs of \$74,007,396 and 2011 O&M costs of \$81,912,314; and 2) 2012 capital costs of \$333,184,830 and 2012 O&M costs of \$247,033,027.

⁴ In re the Board's Establishment of a Generic Proceeding to Review the Prudency of Costs Incurred by New Jersey Utilities in Response to Major Storm Events in 2011 and 2012 and In re the Board's Review of the Prudency of the Costs Incurred by Jersey Central Power and Light Company in Response to Major Storm Events of 2011 and 2012, BPU Docket Nos. AX13030196 and EO13050391 (March 26, 2015) ("Storm Cost Order").

⁵ In re the Verified Petition of Jersey Central Power and Light Company Constituting its Annual Filing with Respect to the Storm Recovery Charge Rider of its Filed Tariff ("SRC Filing"), BPU Docket No. ER16010044 (January 25, 2017) ("January 2017 Order").

On January 17, 2017, JCP&L filed a petition ("2016-2017 SRC Petition") to reconcile its SRC for the 2015-2016 period. By Order⁶ dated December 19, 2017, the Board approved a stipulation granting JCP&L's request in the 2016-2017 SRC Petition to continue the SRC rate of \$0.003084 (excluding SUT).

On January 12, 2018, JCP&L filed a petition ("2017-2018 SRC Petition") to reconcile its SRC for the 2017-2018 period. By Order⁷ dated August 29, 2018, the Board approved a stipulation granting JCP&L's request in the 2017-2018 SRC Petition to continue the SRC rate of \$0.003084 (excluding SUT).

JANUARY 2019 PETITION

On January 15, 2019, JCP&L filed the January 2019 Petition with the Board requesting review and approval of the amounts included in the Company's SRC Rider. The purpose of the filing was to provide an opportunity for review of the deferred balance relating to the recovery of Board approved 2012 Major Storm deferred operations and maintenance costs and to determine how to end the collection by December 31, 2019.

In the January 2019 Petition, the Company provided data that supported a decrease to the SRC rate factor to \$0.000367 per kWh (excluding SUT), which would result in approximately \$5.63 million less per year in SRC revenues. However, similar to the request in the 2017-2018 SRC Petition, JCP&L proposed no change to the current SRC rate of \$0.003084 per kWh (excluding SUT) for the April 1, 2019 to December 31, 2019 period because of the small magnitude of the potential decrease and also because the tariff is scheduled to end as of December 31, 2019. The Company projects to recover the remaining unamortized SRC deferred balance (including interest) of \$41,340,612 between April 2019 and December 2019.

Additionally, the Company noted that when it becomes apparent the remaining balance will be fully recovered in the current month, they will reduce the Rider SRC rate to zero on the appropriate date, with advance notice to the Board and Rate Counsel. If JCP&L has an over recovery when the collection ends, they proposed to pay interest and credit the balance to the Societal Benefits Charge ("SBC").

As the January 2019 Petition proposed no change to the rate, public hearings were not required.

Through discovery, the Company provided an updated unamortized SRC deferred balance (including interest) amount based on actual information through March 31, 2019. Based on the update, the unamortized SRC deferred balance, including interest, is \$40,975,335.

⁶ In re the Verified Petition of Jersey Central Power and Light Company Constituting its Annual Filing with Respect to the Storm Recovery Charge Rider of its Filed Tariff ("SRC Filing"), BPU Docket No. ER17010039 (December 19, 2017).

⁷ In re the Verified Petition of Jersey Central Power and Light Company Constituting its Annual Filing with Respect to the Storm Recovery Charge Rider of its Filed Tariff ("SRC Filing") BPU Docket No.ER19010061 (August 28, 2018).

STIPULATION

Throughout the course of the proceeding, the Parties engaged in discovery. Following the review of discovery, testimony, and multiple settlement conferences the Parties executed the Stipulation on June 25, 2019 resolving all of the issues related to the January 2019 Petition. The Stipulation provides for the following:⁸

31. The Parties agree that the Company's unamortized SRC deferred balance (including interest) at March 31, 2019 was \$40,975,335. This represents an over-recovery of \$4,719,688 after the application of carrying costs of \$1,551,126. See Attachments A-1 and B-1 of the Stipulation.
32. The Parties further agree that the data in the updated Attachments for the 2018-19 SRC filing supported a decrease in the SRC factor of \$0.000391 per kWh (not including SUT), effective April 1, 2019. The result of this rate change would be a decrease in the revenues collected through the SRC rate by approximately \$6 million annually. However, the Parties agree that it is appropriate for JCP&L to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect and end the collection earlier than December 31, 2019. See Attachment A-1 of the Stipulation.
33. The Parties also agree that JCP&L should continue to use the average net-of-tax SRC deferred balance for the purpose of calculating interest thereon, and that this methodology is reflected in the Attachments to the Stipulation.
34. The Parties also agree that JCP&L shall reduce the Rider SRC rate to zero as of December 1, 2019.
35. The Parties also agree that recovery of the remaining deferred 2012 Major Storm O&M costs, together with accrued interest thereon, will continue in the SRC, under the terms set forth in the Board's Storm Costs Order as modified by the Stipulation of Settlement approved by the Board's January 2017 order, until the SRC is reduced to zero on December 1, 2019. If the collection ends with an over-recovery, then JCP&L will accrue interest to the benefit of customers.
36. The Parties further agree that JCP&L will make a final Rider SRC true-up filing with the Board by January 31, 2020. In conjunction with the final true-up filing, JCP&L will apply any net ending over/under-recovered balance in the Rider SRC deferred balance to the largest under-recovered component of the Rider SRC deferred balance.
37. The Parties agree that, upon the effective date of the Board's written Order approving the Stipulation, all elements of the 2018-19 SRC Filing shall all be deemed closed and resolved.

⁸ Although described at some length 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 conclusion in this Order. Paragraphs are numbered to coincide with the Stipulation.

DISCUSSION AND FINDINGS

Based on the Board's careful review and consideration of the record in this proceeding, the Board **HEREBY FINDS** the Stipulation to be reasonable and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein, subject to any terms and conditions set forth in this Order.

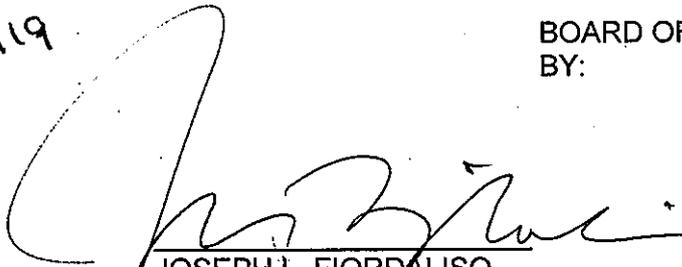
The Board **HEREBY APPROVES** the continuation of the SRC rate of \$0.003084 (excluding SUT) until such time as the deferred balance is fully recovered. JCP&L will provide at least 30 days' notice to the Board and Rate Counsel before it zeroes out the SRC rate. As a result of the Stipulation, customers will see no change in their monthly bills. The Board **HEREBY ORDERS** JCP&L to file revised tariff sheets conforming to the terms of the Stipulation prior to August 1, 2019.

The Company's costs, including those related to the Program, will 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.

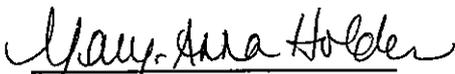
The effective date of this Order is July 20, 2019.

DATED: 7/10/19

BOARD OF PUBLIC UTILITIES
BY:



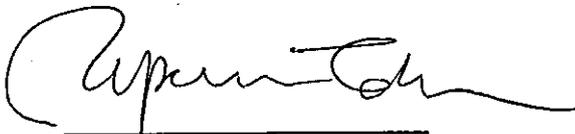
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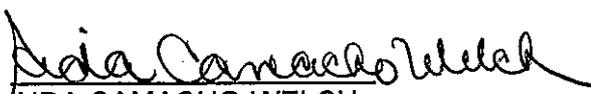
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ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

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

Agenda Date: 7/10/19
Agenda Item: 2

IN THE MATTER OF THE VERIFIED PETITION OF JERSEY CENTRAL POWER & LIGHT
COMPANY CONSTITUTING ITS ANNUAL FILING WITH RESPECT TO THE STORM
RECOVERY CHARGE RIDER OF ITS FILED TARIFF ("2018-19 SRC FILING")
DOCKET NO. ER19010061

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Background

1. The Board's Final Decision and Order dated March 26, 2015 in *I/M/O the Board's Establishment of a Generic Proceeding to Review the Prudence of Costs Incurred by New Jersey Utility Companies in Response to Major Storm Events in 2011 and 2012* and *I/M/O the Board's Review of the Prudence of the Costs Incurred by Jersey Central Power & Light Company in Response to Major Storm Events in 2011 and 2012*, Docket Nos. AX13030196 and EO13050391 ("Storm Costs Order"), called for the establishment of a new Tariff Rider ("Storm Recovery Charge" or "SRC") for the recovery of \$247,003,027 of deferred Operations and Maintenance ("O&M") costs that JCP&L incurred in conjunction with the major storm events of 2012, over a six-year amortization.

2. The Storm Costs Order also provided that the SRC rate shall include carrying costs on the unamortized balance of the deferred O&M costs associated with the 2012 major storm events. The Storm Costs Order further provided that such carrying costs shall be calculated on a monthly basis at an interest rate equal to the rate on seven (7) -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, compounded annually.

3. The initial SRC rate of \$0.002125 per kWh [\$0.002274 per kWh including Sales and Use Tax ("SUT")] became effective for service rendered on and after April 1, 2015.

4. Furthermore, the Storm Costs Order provided that the calculated SRC rate shall be prepared by the Company and filed with the BPU annually by January 15 with a requested effective date of April 1 of the filing year. The Storm Cost Order also provided that the first such filing shall be made by January 15, 2016 with actual and projected data for the 12-month period ending March 31, 2016.

2015-16 Rider SRC Filing

5. On January 15, 2016, JCP&L filed a Verified Petition and supporting Attachments, which was assigned BPU Docket No. ER16010044 ("2015-16 SRC Filing"). The purpose of the 2015-16 SRC Filing was to provide for a review and approval of the amounts included in the Company's SRC deferred balance to the extent accumulated from April 1, 2015 through March 31, 2016 ("2015-16 SRC Period").

6. As set forth in greater detail in the Attachments to the 2015-16 SRC Filing, the Company projected that, at present rates, the unamortized SRC deferred balance (including interest) at March 31, 2016 would be \$207,954,012. This represented a projected under-recovery of \$2,118,161, after the application of carrying costs of \$3,419,061.

7. The data in the Attachments to the 2015-16 SRC Filing supported a revised SRC factor of \$0.002173 per kWh (\$0.002325 including SUT), effective April 1, 2016. The result of this rate change would have been an increase in the revenues collected through the SRC rate by approximately \$990,864 annually. However, due to the comparatively small magnitude of such an increase, JCP&L proposed, in the January 15 SRC Filing to leave the current SRC factor of \$0.002125 per kWh (excluding SUT) in effect during the April 1, 2016 through March 31, 2017 period.

8. On November 23, 2016, JCP&L filed an Amendment to the 2015-16 SRC Filing ("Amendment"). The genesis of the Amendment was a settlement term in the Company's then-pending base rate case.¹ In a Stipulation of Settlement in the base rate case, the signatory parties agreed as follows with respect to the SRC:

¹ *In the Matter of the Verified Petition of Jersey Central Power & Light Company For Review and Approval of Increases in, and Other Adjustments to, Its Rates and Charges For Electric Service, and For Approval of Other Proposed Tariff Revisions in Connection Therewith ("2016 Base Rate Filing"), et al.*, BPU Docket No. ER16040383, et al.

In an effort to improve JCP&L's Funds From Operations to Debt credit metric, the Parties agree that it is appropriate for JCP&L to accelerate its amortization and recovery of 2012 major storm expenses that are recovered via the Storm Recovery Charge ("SRC") to achieve full recovery by December 31, 2019. The Parties agree and recommend that the revisions to the SRC shall become effective for service rendered on and after February 1, 2017. The Parties agree to support the Company's above-described amendment filed in its pending Rider SRC case in Docket No. ER16010044.²

9. In the Amendment, JCP&L requested the acceleration of the amortization of the 2012 major storm expenses that are recovered via the SRC to achieve full recovery by December 31, 2019. Also, the Company explained that acceleration of the amortization and recovery of the deferred 2012 major storm expenses will help to improve JCP&L's Funds From Operations to Debt credit metric, which in turn will strengthen the Company's overall credit profile. In addition, JCP&L updated its deferred SRC balance to include actual data through October 31, 2016 (and forecasted data through January 31, 2017). As a result of the Amendment, JCP&L proposed to increase its current Rider SRC rate of \$0.002125 per kWh (\$0.002274 per kWh including SUT³) to \$0.003084 per kWh (\$0.003300 per kWh including SUT).

10. On December 19, 2016, public hearings on the proposed Rider SRC rate increase were held in Freehold, New Jersey (1:30 p.m.) and Morristown, New Jersey (6:30 p.m.). Several members of the public appeared and commented favorably on JCP&L's customer service and service reliability.

11. Thereafter, the Parties engaged in settlement discussions that led to the execution of a Stipulation of Settlement in the 2015-16 SRC Filing and Amendment. That Stipulation included, *inter alia*, the following provisions:

- A. The Parties agreed that the Company's unamortized SRC deferred balance (including interest) at March 31, 2016 was \$208,361,972. This represented an under-recovery of \$2,526,121, after the application of

² *Id.*, Stipulation of Settlement dated November 29, 2016, Para. 18.

³ The rate including SUT set forth in the Amendment was based on the then-current 7% tax rate.

carrying costs of \$3,421,160.

- B. The Parties further agreed that the updated schedules provided with the Amendment show the Company's unamortized SRC deferred balance (including interest) at October 31, 2016 was \$183,289,150. The Parties agreed that this balance will be reviewed in the Company's next SRC filing.
- C. The Parties further agreed that the Company should be permitted to set its SRC factor to \$0.003084 per kWh (\$0.003300 per kWh including SUT), effective February 1, 2017, and that the result of such a rate change would be an increase in the revenues collected through the SRC rate by approximately \$19.2 million annually.
- D. The Parties also agreed that JCP&L should use the average net-of-tax SRC deferred balance for the purpose of calculating interest thereon, and that this methodology was reflected in the Attachments to the Stipulation.

12. In an Order dated January 25, 2017, the Board approved the Stipulation of Settlement for the 2015-16 SRC Filing, and revised rates became effective on February 1, 2017.

2016-17 Rider SRC Filing

13. On January 17, 2017, JCP&L filed a Verified Petition and supporting Attachments, which was assigned BPU Docket No. ER17010039 ("2016-17 SRC Filing"). The purpose of the 2016-17 SRC Filing was to provide for a review and approval of the amounts included in the Company's SRC deferred balance to the extent accumulated from April 1, 2016 through March 31, 2017 ("2016-17 SRC Period").

14. As set forth in greater detail in the Attachments to the 2016-17 SRC Filing, the Company projected that the unamortized SRC deferred balance (including interest) at March 31, 2017 would be \$164,396,598. This represented a projected under-recovery of \$117,539, after the application of carrying costs of \$2,976,358.

15. The data in the Attachments to the 2016-17 SRC Filing supported an increase in the SRC factor of \$0.000026 per kWh (\$0.000028 including SUT), effective April 1, 2017. The

result of this rate change would be an increase in the revenues collected through the SRC rate by approximately \$518,848 annually. However, due to the comparatively small magnitude of such an increase, JCP&L proposed to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect during the April 1, 2017 through March 31, 2018 period.

16. In response to discovery requests, the Company updated the Attachments to the 2016-17 SRC Filing for actual data through March 31, 2017. Based on the updated data, the unamortized SRC deferred balance (including interest) at March 31, 2017 was \$165,146,218. This represented a projected under-recovery of \$857,843, after the application of carrying costs of \$2,977,663.

17. Following the filing of the Verified Petition, the Parties engaged in discovery and exchanged additional information during informal discussions and settlement meetings, which led to the execution of a Stipulation of Settlement in the 2016-17 SRC Filing and Amendment. That Stipulation included, *inter alia*, the following provisions:

- A. The Parties agreed that the Company's unamortized SRC deferred balance (including interest) at March 31, 2017 was \$165,146,218. This represents a projected under-recovery of \$857,843, after the application of carrying costs of \$2,977,663.
- B. The Parties further agreed that the data in the updated Attachments for the 2016-17 SRC filing support an increase in the SRC factor of \$0.000040 per kWh (\$0.000043 including SUT), effective April 1, 2017. The result of this rate change would have been an increase in the revenues collected through the SRC rate by approximately \$798,228 annually. However, due to the comparatively small magnitude of such an increase, the Parties agreed that it was appropriate for JCP&L to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect during the April 1, 2017 through March 31, 2018 period.
- C. The Parties also agreed that JCP&L should continue to use the average net-of-tax

SRC deferred balance for the purpose of calculating interest thereon, and that this methodology was reflected in the Attachments to the Stipulation.

18. In an Order dated December 19, 2017, the Board approved the Stipulation in the 2016-17 Rider SRC filing.

2017-18 Rider SRC Filing

19. On January 12, 2018, JCP&L filed a Verified Petition and supporting Attachments, which was assigned BPU Docket No. ER18010031 ("2017-18 SRC Filing"). The purpose of the 2017-18 SRC Filing was to provide for a review and approval of the amounts included in the Company's SRC deferred balance to the extent accumulated from April 1, 2017 through March 31, 2018 ("2017-18 SRC Period").

20. As set forth in greater detail in the Attachments to the 2017-18 SRC Filing, the Company projected that the unamortized SRC deferred balance (including interest) at March 31, 2018 would be \$105,092,902, including carrying costs of \$2,361,041. This represents a projected over-recovery of \$1,447,612.

21. The data in the Attachments to the 2017-18 SRC Filing supported a decrease in the SRC factor of \$0.000049 per kWh (\$0.000052 including SUT), effective April 1, 2018. The result of this rate change would have been a decrease in the revenues collected through the SRC rate by approximately \$994,485 annually. However, due to the comparatively small magnitude of such a decrease, JCP&L proposed to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect during the April 1, 2018 through March 31, 2019 period.

22. In response to discovery requests, the Company updated the Attachments to the 2017-18 SRC Filing for actual data through March 31, 2018. Based on the updated data, the unamortized SRC deferred balance (including interest) at March 31, 2018 was \$104,300,731.

This represented an over-recovery of \$2,239,783 after the application of carrying costs of \$2,381,377.

23. Following the filing of the Verified Petition, the Parties engaged in discovery and exchanged additional information during informal discussions and settlement meetings, which led to the execution of a Stipulation of Settlement in the 2017-18 SRC Filing. That Stipulation included, *inter alia*, the following provisions:

- A. The Parties agreed that the Company's unamortized SRC deferred balance (including interest) at March 31, 2018 was \$104,300,731. This represented an over-recovery of \$2,239,783 after the application of carrying costs of \$2,381,377
- B. The Parties further agreed that the data in the updated Attachments for the 2017-18 SRC filing support a decrease in the SRC factor of \$0.000069 per kWh (not including SUT), effective April 1, 2018. The result of this rate change would have been a decrease in the revenues collected through the SRC rate by approximately \$1.4 million annually. However, due to the comparatively small magnitude of such a decrease, the Parties agreed that it is appropriate for JCP&L to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect during the April 1, 2018 through March 31, 2019 period.
- C. The Parties also agreed that JCP&L should continue to use the average net-of-tax SRC deferred balance for the purpose of calculating interest thereon, and that this methodology was reflected in the Attachments to the Stipulation.

24. In an Order dated August 29, 2018, the Board approved the Stipulation in the 2017-18 Rider SRC filing.

2018-19 Rider SRC Filing

25. On January 15, 2019, JCP&L filed a Verified Petition and supporting Attachments, which was assigned BPU Docket No. ER19010061 ("2018-19 SRC Filing"). The purpose of the 2018-19 SRC Filing is to provide for a review and approval of the amounts

included in the Company's SRC deferred balance to the extent accumulated from April 1, 2018 through March 31, 2019 ("2018-19 SRC Period").

26. As set forth in greater detail in the Attachments to the 2018-19 SRC Filing, the Company projected that the unamortized SRC deferred balance (including interest) at March 31, 2019 would be \$41,340,612, including carrying costs of \$1,552,829. This represents a projected over-recovery of \$4,354,415.

27. The data in the Attachments to the 2018-19 SRC Filing supported a decrease in the SRC factor of \$0.000367 per kWh (\$0.000391 including SUT), effective April 1, 2019. The result of this rate change would have been a decrease in the revenues collected through the SRC rate by approximately \$5.63 million annually. However, due to the comparatively small magnitude of such a decrease, JCP&L proposed to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect during the April 1, 2019 through the end of the Rider SRC, which is scheduled to end as of December 31, 2019.

28. In addition, because Rider SRC was scheduled to end as of December 31, 2019, JCP&L also proposed a procedure for the conclusion of Rider SRC. The Company proposed to monitor the deferred Rider SRC balance throughout calendar year 2019. The Company also proposed that, when it becomes apparent that the balance will be fully recovered in the current month, the Company would reduce the Rider SRC rate to zero on the appropriate date, with advance notice to the Board and Rate Counsel. Thereafter, JCP&L would make a final Rider SRC true-up filing and apply any net ending over/under-recovered balance in the Rider SRC deferred balance to the largest under-recovered component of the Rider SBC deferred balance.

29. In response to discovery requests, the Company updated the Attachments to the 2018-19 SRC Filing for actual data through March 31, 2019. Based on the updated data, the

unamortized SRC deferred balance (including interest) at March 31, 2019 was \$40,975,335. This represents an over-recovery of \$4,719,688 after the application of carrying costs of \$1,551,126.

30. Following the filing of the Verified Petition, the Parties engaged in discovery and exchanged additional information during informal discussions, and now agree to Stipulate as follows:

STIPULATED MATTERS

31. The Parties agree that the Company's unamortized SRC deferred balance (including interest) at March 31, 2019 was \$40,975,335. This represents an over-recovery of \$4,719,688 after the application of carrying costs of \$1,551,126. *See Attachments A-1 and B-1.*

32. The Parties further agree that the data in the updated Attachments for the 2018-19 SRC filing supported a decrease in the SRC factor of \$0.000391 per kWh (not including SUT), effective April 1, 2019. The result of this rate change would be a decrease in the revenues collected through the SRC rate by approximately \$6 million annually. However, the Parties agree that it is appropriate for JCP&L to continue the SRC factor of \$0.003084 per kWh (excluding SUT) in effect and end the collection earlier than December 31, 2019. *See Attachment A-1.*

33. The Parties also agree that JCP&L should continue to use the average net-of-tax SRC deferred balance for the purpose of calculating interest thereon, and that this methodology is reflected in the Attachments to this Stipulation.

34. The Parties also agree that JCP&L shall reduce the Rider SRC rate to zero as of December 1, 2019.

35. The Parties also agree that recovery of the remaining deferred 2012 Major Storm

O&M costs, together with accrued interest thereon, will continue in the SRC, under the terms set forth in the Board's Storm Costs Order as modified by the Stipulation of Settlement approved by the Board's January 27, 2017 order, until the SRC is reduced to zero on December 1, 2019. If the collection ends with an over-recovery, then JCP&L will accrue interest to the benefit of customers.

36. The Parties further agree that JCP&L will make a final Rider SRC true-up filing with the Board by January 31, 2020. In conjunction with the final true-up filing, JCP&L will apply any net ending over/under-recovered balance in the Rider SRC deferred balance to the largest under-recovered component of the Rider SBC deferred balance.

37. The Parties agree that, upon the effective date of the Board's written Order approving this Stipulation, all elements of the 2018-19 SRC Filing shall all be deemed closed and resolved.

Conclusion

38. 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.

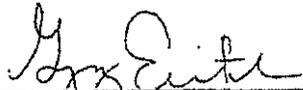
39. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and, except as otherwise expressly provided for herein:

- 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.

40. 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. The Parties understand that the Board's written Order approving this Stipulation shall become effective in accordance with N.J.S.A. 48:2-40.

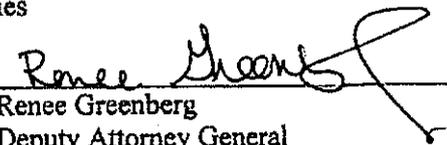
WHEREFORE, the Parties hereto have duly executed and do respectfully submit this Stipulation to the Board, and recommend that the Board issue a Final Decision and Order adopting and approving this Stipulation in its entirety in accordance with the terms hereof.

Jersey Central Power & Light Company

By: 
Gregory Eisenstark, Esq.
Cozen O'Connor, P.C.

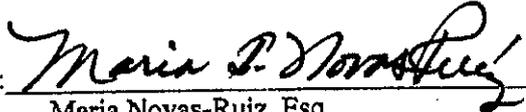
Dated: 6-25-2019

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Attorney for Staff of the Board of Public
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By: 
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Dated: 6-25-2019

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Dated: 6/25/2019